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CREATIVE FEDERALISM

JUMP-MCKILLOP MEMORIAL LECTURES / 1966

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CURRENT SERIAL RECORDS

CREATIVE FEDERALISM

WILLIAM A. JUMP—I. THOMAS MCKILLOP
MEMORIAL LECTURES IN PUBLIC ADMINISTRATION

EDITED BY DONALD E. NICOLL
GRADUATE SCHOOL PRESS

U. S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C.



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FOREWORD

Since 1921, the Graduate School of the United States Department of Agriculture has provided the Federal employees and other qualified members of the Washington community with a continuing and varied program in adult education. A significant part of that program is the series of William A. Jump—I. Thomas McKillop Memorial Lectures in Public Administration. This series was established by the Graduate School in 1952 in recognition of the service of William A. Jump and I. Thomas McKillop to the Department of Agriculture and of their contributions to the development of public administration in the United States.

In November and December, 1966, the Graduate School presented, as part of the Jump-McKillop series, four lectures on "Creative Federalism." This book contains the texts of the lectures.

We wish to thank those who contributed to the series and especially the members of the planning committee: Joseph M. Robertson (Chairman), Assistant Secretary for Administration, USDA; Frederick G. Belen, Deputy Postmaster General, U.S. Post Office Department; Seymour S. Berlin, Director, Bureau of Executive Manpower, U.S. Civil Service Commission; Edmund N. Fulker, Assistant Director, USDA Graduate School; John J. Gunther, Executive Director, U.S. Conference of Mayors; Bernard F. Hillenbrand, Executive Director, National Association of Counties; Jerry O'Callaghan, Chief, Office of Legislation

and Cooperative Relations, Bureau of Land Management, U.S. Department of the Interior; Charles F. Schwan, Jr., Director, Washington Office, Council of State Governments; James L. Sundquist, Senior Staff, The Brookings Institution; Ralph R. Widner, Executive Director, Appalachian Regional Commission; Robert C. Wood, Under Secretary, U.S. Department of Housing and Urban Development; and Harold Seidman, Assistant Director for Management and Organization, U.S. Bureau of the Budget.

Joseph M. Robertson was moderator for the first three lectures and Edmund N. Fulker for the fourth.

The editor of the publication is Donald E. Nicoll, Administrative Assistant to Senator Edmund S. Muskie of Maine. George Baka, Assistant Chief, Exhibits Service, U.S. Department of Agriculture, designed the lecture symbol which appears on the cover of this book.

JOHN B. HOLDEN
Director, Graduate School

PREFACE

“The processes of government are vast, as is the Nation itself. But its vastness—and its strength as well—comes from the diversity of its many parts.

“The partnership which links every level of our government is the genius of our system as that system took life under the Constitution.

“We have never achieved perfection in that partnership any more than we have achieved perfection in the society it serves. But we have never stopped reaching for both, nor will we, even though the effort to improve each must now be accelerated in the intensity of change.”

—Lyndon B. Johnson

Almost everyone agrees something needs to be done to improve our institutions of government. As we wrestle with the problems of urban crises, education, transportation, job opportunities, environmental improvement, public safety, and resource management we realize our Federal, State, and local governments are straining at the seams. In many instances we realize they are not equipped to handle the crises of our complicated and tension-ridden society.

The prescriptions for improving the federal system are many and varied. Federal Government officials stress the need for better national programs, designed to spur the States and local governments. State officials want more emphasis on State authority and direction. City officials

would like to deal directly with the Federal Government. County officials see themselves as the wave of the future.

The result of this debate is a field day for the political scientists and the public administration theorists. I am fascinated by the debate because it has upset some myths I learned in the classroom, and it has confirmed some suspicions developed through experience. At the same time, I know the times require more than debates. They demand the organization and creative application of the resources of our Nation in the right quantity and quality, at the right place and at the right time.

Fortunately, in the lecture series on "Creative Federalism" we had speakers and reactors who could provide a continuity between theory and practice. They understand the why and the how of good public administration. No final answers emerged from the series, but in them the reader can find not only an anatomy of the problems of our body politic but a feeling for the forces that are shaping the future of our federal system.

Out of this series I hope more public officials and private citizens will gain a sense of urgency and an understanding of the steps that must be taken if our federal system is to create new opportunities for a better life for all Americans.

JOSEPH M. ROBERTSON

*Assistant Secretary of Agriculture
for Administration*

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WILLIAM G. COLMAN

Executive Director of the Advisory Commission on Intergovernmental Relations and former Executive Assistant to the Director of the National Science Foundation, Mr. Colman has been active in establishing and administering state civil service systems in Missouri, Louisiana, and Oregon.

SENATOR EDMUND S. MUSKIE

Former city official, State legislator, Federal executive, and Governor of Maine, Senator Muskie is chairman of the Senate Subcommittee on Intergovernmental Relations, member of the Advisory Commission on Intergovernmental Relations, and author of several bills designed to strengthen the Federal system.

JAMES L. SUNDQUIST

Former Deputy Under Secretary of the Department of Agriculture, Legislative and Administrative Assistant to Senator Joseph S. Clark, and Assistant Secretary to Governor Averill Harriman of New York, Mr. Sundquist is presently a member of the Senior Staff of the Governmental Studies Division of The Brookings Institution.



William Colman, Senator Muskie, and James Sundquist during the question and answer session.

CREATIVE FEDERALISM—EVOLUTIONARY OR REVOLUTIONARY?

Senator Edmund S. Muskie

On November 18, the Wall Street Journal headlined an election post mortem: "*GOP on the offense*, revived party seeking more positive image with 'new federalism.' "

That, I submit, is a sign of the times and proof positive that 'new' or 'creative' federalism is not revolutionary. Whether it is a slogan or an evolutionary development remains to be seen.

The problems of federalism are as old as the Republic. From the relatively loose articles of confederation, which avoided the autocratic system of the British Empire at the expense of a system capable of protecting the national interest, we moved to the Constitution of 1787. That remarkable compromise achieved a balance between authority and liberty.

It diffused governmental power among the three branches of the National Government and divided powers and responsibilities between the National Government and the States.

It made the States equal partners with the National Government in domestic matters, leaving to them the broad responsibility for regional and local public development, while the National Government was to be concerned with the problems of war, diplomacy, and other national needs.

Finally, the founding fathers provided that the Constitution which delegated the balance of power between National and State Governments could not be changed without the participation of both parties. At the same time, it was clear that either level of government could expand or contract its powers by interpretation and usage. This provided the critical flexibility for growth.

Our federal system has been a unique phenomenon. Its success has been especially significant since history has shown that many other countries which have experimented with federalism have failed to sustain it.

It has survived national and international crises for over 175 years. It has met the test of civil war. It has accommodated great territorial expansion. It has provided a governmental environment for unparalleled economic growth and social advance. Finally, it has generated the resources and the discipline for fighting two world wars, the Korean War, and now the Vietnam engagement.

But despite this record of accomplishment, there are those of us who are increasingly concerned about the ability of our federal system, as it has developed, to cope with the public problems ahead.

When our Constitution was drawn up, only 5 percent of our population was urban. We were a sparsely populated country of less than 4 million. By 1900, the urban share had jumped to 40 percent of a total of 76 million people. Today, over 70 percent of our Nation is urbanized and we have a total population of 195 million. Projected to the year 2000—and this is the date we should really be thinking about in order to plan for the future—we will reach 300 million people. Eighty-five to 90 percent of them will be crowded into our urban and metropolitan areas, comprising a total land area of less than 15 percent of the Nation.

This expansion and concentration of our population has

added a new dimension to the problems of federalism. It has made improvement of the system more critical.

Federalism is everyone's concern—from the President, who is ultimately responsible for making our system work, to the individual citizen, whose way of life depends upon good government. There is nothing dull or abstract about the subject of Federal-State-local relations, since they directly involve people: their health, their homes, their jobs, their rights as citizens, and their security as free men. And when our governments at each level do not apply their laws or allocate their resources effectively—when they do not cooperate to bring the full force of their programs to bear on social and economic problems—it is the people who suffer, and the Nation that loses.

During the past five sessions Congress has developed the most impressive package of Federal legislation since the depression to attack poverty, ignorance, urban blight, discrimination, and other human problems. It cuts across departmental and agency lines both in the federal sector and at state and local levels; it requires special skills and technology for effective administration. Thus, this legislation is only as good as the machinery that administers it.

Today this machinery, molded and tempered by a century and three quarters of evolutionary development, is under its greatest stress. While in the past we have concentrated primarily on the policies of government, the spotlight now must be turned on the procedures of government. Here is where the Great Society will succeed or fail.

What are some of the problems?

First, there is the emergence of big government—at all levels. The scope of government today has become enormous and complex, and it involves far more than Federal activities.

In 1946, State and local governments spent a total of \$11 billion to meet public needs, and they had a combined

debt of \$16 billion. This year they will spend approximately \$84 billion, and their total debt will rise to \$100 billion. This represents a 528 percent increase in state and local outlays in the past 20 years.

By contrast, the Federal Government in 1946 spent \$894 million to help the States and localities augment their public programs. This year that expenditure will rise to more than \$14 billion and will involve more than 170 separate aid programs administered by some 21 Federal departments and agencies. Projected ahead to 1971, state and local annual expenditures are expected to escalate to \$120 billion, while total Federal expenditures—barring a war or depression—will reach \$110 to \$115 billion.

The accelerated growth of public employment parallels this dramatic expansion of budgets and programs. Here, it is getting increasingly difficult to tell the players by the numbers, let alone keep track of the score. State and local public employment has risen from 3,300,000 in 1946 to 8,000,000 in 1965. The Federal Government—despite the popular myth that its rolls, too, are expanding—has reduced its employment by 100,000 during the 20-year period, but it still accounts for 2,600,000 workers.

These statistics tell us a great deal about the pressures on our federal system. They highlight the strenuous effort State and local governments have exerted and must continue to exert to meet the demand for more and better public services. They certainly dispel the notion that expanding federal power has undermined the capacity of these jurisdictions to govern themselves. And they show clearly how complicated the task ahead will be of coordinating our joint economic and social action programs.

A second major intergovernmental problem area is the “management muddle”—the overall quality and efficiency of administration of public programs. The Senate subcommittee on intergovernmental relations, which I am privi-

leged to chair, recently completed a 3-year survey of Federal, State, and local administrators to learn their views and attitudes about our federal system.

We found substantial competing and overlapping of programs at all three levels—sometimes as a direct result of legislation and sometimes as a result of “empire building.” We learned that too many Federal officials, particularly at the middle management level, were not interested in, and, in fact, were hostile to, coordinating programs within and between their departments, and were reluctant to encourage coordination and planning among their State and local counterparts.

At the same time, Federal aid officials complained that State and local administration was understaffed, lacking in quality and experience, unimaginative, and too subject to negative political and bureaucratic pressures. They found a variety of archaic State constitutional and legal restrictions that continue to block effective application of Federal aid programs, and hamstringing State and local administrators in developing their own programs.

Perhaps the most serious indictment coming out of the survey concerns the caliber of State and local administrators responsible for building the Great Society. Confronted with urban congestion, slums, water pollution, air pollution, juvenile delinquency, social tension, and chronic unemployment, public administrators today must be professionals in every sense of that word. Yet we found that too often they are not, mainly because of the antiquated, patronage-oriented personnel systems which hinder the hiring and keeping of good people.

We found that unfavorable working conditions, low pay, and excessively bureaucratic rules and procedures discouraged both prospective employees and careerists. Personnel development programs, including opportunities for job mobility, in-service training, and educational leave, ap-

peared to be minimal, except in some of the larger jurisdictions. We found a noticeable lack of effective merit systems, which results in the loading of some agencies with unprofessional, uninspiring, and often unfit personnel. Finally, responsible administrators complained that inflexible rules and regulations—dictating whom, when, and how they could hire, promote, or fire—frustrated their efforts to develop effective staff support.

In short, there is a serious manpower crisis in State and local governments which, if not confronted, may contribute more than anything else to a weakening of the States, their localities, and the federal system as a whole.

What can be done? Where do we begin?

First, we must start by putting the federal house in better order. We can hardly expect State and local jurisdictions to coordinate their services and plan their communities if Congress continues to pass inflexible programs and if Federal administrators maintain their traditional aversion to program coordination and comprehensive planning.

This is why I introduced legislation to establish a national intergovernmental affairs council which would give the President—in his executive office—a watchdog for domestic crises, an information center on Federal aid programs, and a device for coordinated policy planning which cuts across departmental lines.

On Monday, November 21, my subcommittee concluded the first part of our inquiry on the council proposal. The hearings will resume in January with testimony from congressional and public witnesses here in Washington and in the field. Following that series, I anticipate another round of questioning for representatives from the executive branch.

The evidence of our 4 days of hearings underscores my concern over the confusion, conflict, and overlapping between too many of our Federal aid programs.

This is not to say that the present administration has ignored the problem. Within the past 2 weeks, for example, the President has taken three specific actions which underscore his commitment to improved coordination, policy direction, and management of national programs affecting State and local governments.

On November 11 he instructed his cabinet officers to cooperate with state and local officials to make Federal aid programs more "workable at the point of impact."

On November 17 he directed Federal departments and agencies to make more effective use of the planning-programming-budgeting system.

On the same day the President issued an executive order, which establishes operation TAP—Talent for America's Progress, a program for improving the talent pool for top management responsibility.

I am impressed with these actions, as I am with the steps Secretary of Health, Education, and Welfare Gardner has taken to coordinate the sprawling responsibilities of his department. But all this is not enough.

There are many talented men in President Johnson's administration. They have made an honest effort to reduce the problem of coordination and management in their own departments.

But I must observe that on the subject of overall coordination all they have offered the President to date is a patchwork of proposals, none of which goes to the heart of the problem.

As I see it, there are three roads we can travel to solve our crisis in coordination and management:

1. We can combine Federal programs to reduce the proliferation which confuses State and local administrators;
2. We can reorganize the executive branch to concentrate programs under fewer agencies; and

3. We can develop an effective and flexible method of policy coordination in Washington and in the field.

I suspect we shall have to travel all three roads at once. No one proposal and no one technique will be adequate.

My mind is still open on the most effective approach to the problem. But, on the basis of our hearings, it is evident that the interagency committees and the convener authorities fall far short of the standards we must achieve. Single agencies or departments, acting under delegated authority or in concert, are not adequate to the task. The final answer, or answers, must rest in the executive office of the President. The coordination must have a broader base than budget considerations, a deeper significance than effective operations, and a bigger goal than day-to-day management.

Quite frankly, I still think the proposed national intergovernmental affairs council is closest to the mark in achieving our first goal of reform at the federal level.

Secondly, we must find a more flexible way to grant Federal assistance to the States and the communities that would encourage their joint programming and longer range, comprehensive planning. Three recent bills are steps in this direction:

1. The Public Works and Economic Development Act of 1965 provides in part for establishment of regional economic planning commissions—composed of Federal representatives and governors of States that have related growth problems, to recommend regional plans for coordinating programs, establishing priorities, and allocating expenditures.

2. The Intergovernmental Cooperation Act, which unanimously passed the Senate in 1965 but died in the House, would establish a coordinated intergovernmental urban assistance policy and significantly strengthen the basis of regional and local planning.

3. The Demonstration Cities and Metropolitan Development Act provides incentive funds to cities to come up with their own coordinated programs for renewing blighted areas on a multifunction basis—welfare, schools, antipoverty, housing—as well as supplemental assistance for Federal programs included in the demonstration program, and gives special supplementary funds for projects that are part of a metropolitanwide development program being coordinated by a public, areawide planning agency. It also provides funds for state information center assistance to smaller communities.

The emphasis in all three of these bills is on marshaling Federal, State, and local resources, in coordination, to achieve a meaningful impact, rather than on the traditional program-by-program, jurisdiction-by-jurisdiction approach, which too often has led to confusion, waste, and delay in overall urban development.

Some of my colleagues would abandon—wholly or in part—the Federal grant-in-aid approach, and seek to stimulate overall development at state and local levels by sharing Federal revenues with the States or by making block grants on an unrestricted basis. This is becoming a popular cause; its advocates include a curious coalition of conservatives, moderates, and liberals.

The pitfalls of unrestricted revenue allocation are many and are sufficiently complicated to warrant extensive examination by a top-flight panel such as the Advisory Commission on Intergovernmental Relations. In general, however, States vary so extensively in their attitudes and machinery for providing their own revenues, planning for their needs, administering their programs, and ensuring the civil and economic rights of their citizens, that any kind of Federal revenue sharing that ignores the uneven pace of efforts to modernize State and local tax, finance, planning, and ad-

ministrative policies would provide windfalls to some States and inequities to others.

Third, we must develop a new Federal program for helping State and local governments improve the competency and efficiency of administrative personnel. These people carry the bulk of the responsibility for making the Great Society work, and it is Congress's responsibility to help them.

I introduced the Intergovernmental Personnel Act, which helps to discharge this responsibility. The measure extends the merit system requirement to more grant-in-aid programs; it makes matching grants and technical services available to State and local governments for the improvement of their overall personnel administration; it encourages cooperative efforts in recruitment and training, on an interlevel and interstate basis; and it makes available Federal training facilities and also provides grants and technical assistance for training. Modest as these changes are, they at least would be a start in the necessary direction.

Encouraging the State and local governments to plan for expanding needs and make effective use of their own resources and of Federal programs is admittedly a difficult task. Some observers feel that the traditional anti-Federal biases and apprehensions of these jurisdictions make this task impossible. I disagree. Governors, county commissioners, mayors, and other public officials are serious about wanting to provide better services to their constituents. Politicians know the political mileage that can be gained by bringing effective, modern programs to their communities. And most citizens want to see their tax money spent wisely.

Encouraging Federal administrators to visualize the long-term implications of their programs and to recognize the necessity for greater interlevel coordination and cooperation is also difficult. For some, the functional, profes-

sional, stand-pat bias of middle-management executives who administer grant programs makes this task impossible. President Johnson, however, and the top management of this administration, do not despair of the task.

In his budget message the President said:

“ . . . Many of our critical new programs involve the Federal Government in joint ventures with State and local governments in thousands of communities throughout the Nation. The success or failure of those programs depends largely on timely and effective communications and on readiness for action on the part of both Federal agencies in the field and State and local governmental units. We must strengthen the coordination of Federal programs in the field. We must open channels of responsibility. We must give more freedom of action and judgment to the people on the firing line. We must help State and local governments to deal more effectively with Federal agencies.”

The President's concern with improved intergovernmental relations is critically important to the task ahead. The concern of governors, state legislators, county executives, mayors and other public officials is no less significant. Creative federalism, after all, accepts the expanding role of State and local governments to take on greater political and administrative responsibilities as the Nation grows, while relying on an effective Federal role to provide incentives and resources to these jurisdictions to promote common goals.

The pattern of sharing that is so characteristic of contemporary intergovernmental relations is not new. It came into being during the three decades following the adoption of the Constitution—largely under the successive, masterful leadership of three cabinet officers, Hamilton, Gallatin, and the younger Calhoun. The program of reform that I have described merely updates this traditional approach, as must be done if we are to meet the challenges of the last half of the twentieth century.

REACTION: James L. Sundquist

The first rule of a reactor is, of course, the old precept we all learned long ago: If you can't say something bad about a fellow, then say nothing at all. I am going to have to violate that rule because I find little in what Senator Muskie said with which to take issue. My role will have to be to underline some of the things he said, and perhaps amplify a point or two.

I thought the Senator understated, if anything, the urgency of the problem of federalism. The reason that questions of federalism have become so important at the present time is that we have been going through a period—and maybe are still in it—of a rapid nationalization or centralization of decision-making, or perhaps I should say objective-setting, about the kind of society we want in this country. This, I believe, is central to the concept of the Great Society. When we talk about a Great Society, we are talking about a *national* society, and we intend to make it great by setting national objectives and making them effective through national action on a national scale. This means national decisions and actions to some degree in many fields and on many matters that have been heretofore considered outside the reach of the National Government.

Let us look at some of the things that the country, through the Congress, has done within the past 5 years.

In 1961 we decided that depressed areas anywhere in the country are a national problem to be dealt with by the Nation, and we followed the Area Redevelopment Act with the Appalachian Act and the Public Works and Economic Development Act.

In 1964 we decided that patterns of the social structure of the South were intolerable, had to be changed, and would be changed.

In 1964 we decided that poverty would be eradicated in every part of the country.

In 1965 we decided that inferior schools, anywhere they might be, were the concern of the whole Nation, and we took action to set a floor under educational systems throughout the country at every level.

In 1965, and this was largely due to Senator Muskie's leadership, we decided that dirty water anywhere in the country was a national problem and it was necessary that the Nation act to clean it up.

This is just part of the list. We are about to accept the proposition, I think, that the problems of the urban ghettos all over the country are a national problem and have to be met through some kind of national action. A few years ago, we had a candidate for president who ran, among other issues, on the issue of crime in the streets. At some point I think local law enforcement will become a matter of national concern and perhaps of national action.

I submit that all of this adds up to a revolutionary change in our structure of government, and this is what gives such importance to the subject of federalism. While we can centralize the setting of objectives and the making of basic decisions, we cannot centralize to the same degree the administration of these decisions. The national decisions which are made by one government, the Federal Government, must be executed, if they are to be executed, through other governments, State and local, which are legally independent, and often politically hostile. The heads of those governments cannot be hired or fired or disciplined except insofar as the Federal Government may take away the funds—but that tends to be self-defeating, because if the funds are taken away, the national objective doesn't get carried out.

How do you make decisions by one government and get them carried out by governments which are independent

in all essential respects? There is astonishingly little attention being paid to how that kind of system can be made to work or even whether it can work.

Specifically, some of the points on which we need answers are these. First, we have no philosophy, no accepted doctrine, on the role of the States in the federal system. This may sound fundamental, but it is far from simple. Some programs, including virtually all of those administered by the Department of Health, Education, and Welfare, go through the States. In contrast, virtually all programs administered by the Department of Housing and Urban Development bypass the States and go directly to the local communities. The Office of Economic Opportunity was so set up that it would be possible to bypass both the State and the local levels of government. As a result, aid to elementary schools goes through the States; aid to kindergartens and nursery schools bypasses the States. Yet these are two programs which are obviously closely related.

Second, we have no doctrine on the structure of the local government with which the Federal agencies should deal—what kind of local government structure should be promoted in order to get these national decisions accomplished. HEW works through the regular county governments in its health and welfare programs. HUD on the other hand promotes new units of government: urban renewal authorities and public housing authorities. The Department of Commerce, the Appalachian Commission, and the Department of Agriculture are all promoting new kinds of units for economic development. Let us hope they are promoting the same kind. OEO is organizing community action agencies. The Community Development District Act, if it had passed, would have created still another structure. All these are different. Some of the States, like Georgia, are creating other kinds of local planning and developing bodies and

the Federal Government agencies do not necessarily accept and make use of them.

Third, as the Senator observed in his speech, we have no national philosophy or program for the systematic upgrading of State and local governments to do the jobs that we are giving them to do.

I am not going to talk much about answers—frankly, I don't have them. I am deferring on that matter to Bill Colman. But I react very favorably to the Senator's proposal for an instrumentality in the Executive Office of the President to be concerned with intergovernmental relations. I might quibble a bit about the form of the proposed Intergovernmental Affairs Council; as I understand the proposal, it is essentially an interdepartmental committee, and from my experience in the Government I do not like interdepartmental committees. But as the Senator has it planned, the President is going to be the chairman of that committee, or council, and the council is going to have a substantial staff. These are the essential things. If there is a hard-hitting competent staff, if the President has a watchdog in this whole area, and if he backs the staff up and gives it leadership, I think we can make some steps forward. If you have those things, I don't believe we need the council except for window dressing; but perhaps that is what the Senator had in mind.

REACTION: William G. Colman

I, like Mr. Sundquist, would prefer to amplify certain aspects of the problem described by Senator Muskie rather than differ markedly with anything he had to say.

I would submit that looking at the whole status of federalism in this country, State-local relations are in a more serious state today than are either Federal-State relations or Federal-local relations. I say this almost in spite of all the findings of Senator Muskie's subcommittee about

the management muddle and the various other things needing correction badly in the executive branch here in Washington, including the various laws that have created the grant-in-aid programs. The reason I would argue that State-local relations are perhaps even more critical is that the States are on the verge of losing control over affairs in the great metropolitan areas. If the States lose this control and if they abdicate to Washington in this area, the States will abdicate the bulk of domestic government in this country. If the States do this, as they have been in the process of doing, and if this condition reaches its culmination, the States will become a facade, and will have very little substance to contribute to our federal system. The pattern of federalism will have been very greatly altered.

From an administrative standpoint, if the States are not built up to play a much greater role, the management muddle of which Senator Muskie speaks will become even more of a muddle. There are 17,000 municipalities in this country, and there are 18,000 special districts, with the latter growing like weeds. In effect you have the Federal Government in some of the newer programs—and community action in OEO poverty programs is a good example—trying to deal directly through their regional offices with up to 35,000 communities. This is managerially impossible.

To the extent the States can come back into the act and can begin to function in a meaningful way, financially and administratively, the problems will be commensurately eased at the federal level. This does not mean you don't need all the straightening out that Senator Muskie has recommended—you'd need to do that in any event—but the Federal Government will be faced with an impossible task, in my opinion, unless the States get back into the act.

What the States need to do comprises a long list. The Advisory Commission has made a lot of recommendations

for state legislative action. The States, with public educational efforts, have to strengthen, revise, and overhaul their own constitutions, strengthen the legislature, strengthen the governors, and, most important of all, pull up their socks financially through broader based taxes than those they are employing at the present time, particularly on the income side. They need to begin to pour massive amounts of money into the metropolitan areas.

Mr. Sundquist covered the problem in a nutshell: the problem of the ghettos is that the wealth, the income, and the affluence are in one place and under one set of jurisdictions in our metropolitan areas, and the poverty, the crime, the disorder, the discouragement are in another part. You have to move money from the parts that have it to the parts that don't have it. Two transferring agents can act here. The States can act through collecting taxes from all their citizens, collecting income taxes on ability to pay, and then making grants to the problem areas, or the States can kiss off the metropolitan area problem and let the Federal Government be the transferring agent, as the Federal Government has started to do via the federal income tax.

In my opinion the Federal Government through the Congress and the President can be very helpful in bringing the States back in by making it attractive to get back in, and by making it rather unattractive for them to stay out. In other words, I am arguing for "sticks and carrots" to entice greater State activity.

I would conclude my remarks by reporting to you that our Commission has been conducting a detailed examination of the Heller Plan and the various other alternatives in the field of revenue sharing, and that we are in the midst of the kind of an examination the Senator referred to in his talk. We hope to have a report ready for the Commission on this subject some time in the early summer.

DISCUSSION

Mr. Robertson: Mr. Colman, could you in 10 seconds tell me what the Heller Plan is that you mentioned?

Mr. Colman: The Heller Plan gets its name from its author, Dr. Walter Heller, former Chairman of the Council of Economic Advisors, who proposed it about 2 or 3 years ago. The plan would work in this way: a trust fund would be set up in the United States Treasury, and into this trust fund each year would be drained off a fixed percentage of Federal corporate and personal income tax collection, say, 1, 2, or 3 percent; out of that fund, transfer would be made to the States, based on population, per capita income, or other equalizing factors the Congress might wish to crank in.

The States would be free to use these funds in any way they saw fit, exclusive of highways, which in this country are financed through a separate trust fund and a pattern of user charges imposed by the Federal Government and by the States. The money would flow to the States in an unrestricted form from the Treasury, thus getting away from a lot of the special categorical programs.

Dr. Heller emphasized that this was not suggested as a replacement for existing functional grants, but as a substitute for many, many more functional grants we will need in the future, unless we do something of a block grant character.

Mr. Robertson: Senator Muskie, have these reactors generated any reaction on your part, sir?

Senator Muskie: Reactors are usually associated with explosions, a lot of heat, and a great deal of light. We haven't had the explosion. I think we've had a great deal of light, and not too much heat.

I think you have succeeded in assembling a panel of three who have philosophically turned to the same posi-

tion, so there isn't likely to be any disagreement. Mr. Sundquist's analysis of the problem from the vantage point he chose is actually very useful. I've asked him to prepare something for our hearing record along that line. Mr. Colman, as usual, has given us a pertinent analysis of the problem in the relationships between State and local governments involving metropolitan areas. All three points of view fit together very well, and I think at this point it would be useful for us to answer questions.

Question: I would direct this question to Mr. Colman. Suburban residents gain many benefits from the central city, but pay no taxes. Would you favor a payroll tax in the District of Columbia, levied on those who work in the District even though they may live in Maryland or Virginia?

Mr. Colman: I would like to say that from a District standpoint such a tax has something to commend it. The question presents a major part of the central problem that many of our metropolitan areas have. How do you move the money from the suburbs and get it applied to the problems of the central cities? Now this is a special situation, complicated by the fact that metropolitan Washington is an interstate area and the District is a Federal enclave. If you changed that question and asked would it be appropriate for the citizens of Chicago or of suburban Chicago to pay a payroll tax to the City of Chicago for the commuters who work there and use the streets and facilities of the City itself, I would unqualifiedly say yes. These things should be analyzed from a cost-benefit standpoint. But the question is full of political ramifications, and the situation—the great disparity between our suburbs and our central cities—is practically our number one domestic problem today.

Question: I am skeptical as to whether the problems of the intergovernmental relations must be dealt with pri-

marily from the standpoint of overall interdepartmental considerations. I wonder whether, on the contrary, there isn't a possibility that these matters can be handled by developing expertise in intergovernmental problems within the particular departments and segments of the agencies which are involved in our various efforts to improve local conditions.

Senator Muskie: The question as I understand it is rather than seek some overall cooperating mechanism in our approach to the problem, should we try to develop expertise within the departments and agencies—a rather functional approach to the Federal programs.

As these programs proliferate, they are not necessarily being tied to concisely and clearly stated definitions of the objectives of particular agencies or particular departments. I think there is a proliferation within departments that represents a diversion from the historic roles of the departments. The fact is, of course, that you have competing programs in different departments—programs that are different parts of the same general program. For example, in 1965 the Congress enacted three important new programs in the field of water and sewer systems and sewer treatment systems. We have the Aiken Act for rural communities under 5,500 population in the Department of Agriculture. We have the Water Quality Act with its sewage treatment construction grants which at that time was under the jurisdiction of Health, Education, and Welfare, not Interior. Then, we have the Water and Sewer Grants program for cities under the Department of Housing and Urban Development.

These are three separate programs. It is impossible for a given community to know how to penetrate these Federal programs in the most effective and wisest way possible in terms of the needs of the community, without going to three agencies and then undertaking on its own to coordi-

nate the three programs. The communities must put them together, compare the specifications and criteria and the benefits, unwind the red tape, fix the location of field offices, and so on before they know how to get into the programs. As a result, the Federal agencies involved have just reached a departmental agreement under which they have set up a coordinating mechanism which would permit any community to file an application for assistance in a field office of any one of four agencies involved in these overlapping programs.

This agreement hasn't been around very long but at this point there are some horrible examples of its failure to operate. I am not interested in emphasizing horrible examples, but I am pointing out, in answer to your question, that this is an interagency problem as well as an intra-agency problem. Let's not just concentrate on the problem of like programs within a single agency; we're still going to have our coordinating problem between agencies and departments.

Question: Senator Muskie, why do we need an Intergovernmental Affairs Council? Don't you think the President already has a coordinating agency in the Budget Bureau? Or, isn't he using it?

Senator Muskie: The Executive Office of the President of the United States has this coordinating problem and is not running away from it. The Bureau of the Budget, in the Executive Office of the President, has established, as a partial approach to the problem, a program of supervising the development of interagency agreements. So the question really is whether the Bureau of the Budget should take a different form and should be reworked to perform a different function than it now does. I think the Bureau of the Budget authorities hesitate to contemplate the prospect of adding overall coordination functions to its existing responsibilities and functions.

The Executive Office of the President does carry out certain coordinating functions now: the Bureau of the Budget has a management coordinating function; the National Security Council coordinates national security matters; the Council of Economic Advisors coordinates one aspect of the responsibilities of different government agencies. The question is whether these are sufficient or ought to be changed, or what else should we do. I don't exclude the possibility that you can maximize coordinating goals by working within departments, but I am skeptical that this would produce the result we wish to achieve.

Mr. Sundquist: It's always a little unfair to argue by analogy, but at the risk of being unfair, I would say that the gentleman's question is like asking why don't we make our decisions piecemeal and not fuss around with a master plan. If we make our decisions on intergovernmental relations program by program and piece by piece, we do in the end come out with a pattern. The pattern can be a very bad pattern. It can be unmanageable from the standpoint of the governors and mayors involved. If we make the pattern in more general terms, we can make it manageable to them, or if we have chaos, at least it will be anticipated, or planned chaos.

Senator Muskie: May I make one more comment here. In the model cities program we are trying to stimulate local governments to do the very thing the National Intergovernmental Affairs Council is proposed to do at the federal level. We are providing incentives in the Metropolitan Development Act program to persuade the multiple jurisdictions of metropolitan areas to plan together, to work together, to coordinate together, under a comprehensive metropolitan areawide plan.

We're not satisfied that the work of this kind within the constituent units of local government in the metropolitan

areas breeds results. It's too confusing. It's the kind of confusion that the Federal Government has talked about.

Question: Senator Muskie, what is the possibility of setting up State capitals to serve communities, of taking programs out to the people in the State capitals?

Senator Muskie: Title II of the Metropolitan Development Act provides Federal grants to help States set up information and technical assistance centers to assist small communities within the States in coping with Federal programs.

Question: I haven't heard very much addressed to the proposition that Congress has enacted these overlapping programs, nor have I heard very much with respect to improvements which might be made within the Congress itself, to get better coordination at the source when these programs develop.

Senator Muskie: I am glad to report that Congress is now in the process of considering its committee structure. Whether or not it's going to be possible to consider objectively and to do the best job of reorganization, I don't know. The committees have vested interests in their jurisdictions and dislike giving them up.

Congress is obviously responsible for a lot of this proliferation. But the Congress cannot take leadership in reorganizing the executive branch. This has to come from the President. In the final analysis the President, under our system, has the authority to reorganize the work he is charged to do by the Constitution. All the Congress can do is to advise him. You can't expect that the Congress in enacting legislation is going to be in a position to take the overall view that the President does and not to proliferate programs. It just isn't going to work that way.

The only additional comment I would make is that in various pieces of legislation we are undertaking to focus on overall programs rather than piecemeal projects. For exam-

ple, the river basin approach to the problems of pollution, water supply, and water use has been encouraged in various pieces of legislation. There's the Water Resources Council. There's the Water Quality Act of 1965. There's the Clean Rivers Restoration Act of this last session. All of these are designed to take the multiple view of resources conservation, development, and use. The regional economic commissions like Appalachia and those under the Public Works and Economic Development Act also have this focus.

I think that Congress has exhibited an awareness of the need to take the overall view and the comprehensive view of subjects with which we deal. But that doesn't really hit at this overall organizational problem. It may indeed complicate it.

Question: Grants-in-aid persuade the States to go along with the Federal program. Isn't this more or less a form of creeping federalism. Should we change our entire concept of government under the Constitution?

Senator Muskie: Well, you'll have to make your own interpretations. Let me approach the question from my experience on the State and local level.

One of the great problems in New England, where we started with the town meeting form of government as the fundamental local unit, is to establish resource bases adequate to the needs of local government. Since the towns are often too small in that respect, we try to encourage the consolidation of towns and local units to achieve our public service goals. For example, when I was Governor, we established a program of incentives to encourage towns to combine their school systems so that they could build better schools. This is a good approach, an incentive approach. There is nothing mandatory or compelling about the State's authority.

When I became Governor in 1955, there were some high

schools so small that they didn't have a graduating class every year. Obviously this is inefficient and wasteful. The carrot approach hasn't worked 100 percent, but out of respect for local autonomy at the state level in Maine, there are those who conclude that since the communities don't want to consolidate, we don't want to use force, we don't want to make mandatory requirements, we just let things go as they were. Now, that doesn't make sense. So I think now the State is moving toward mandatory consolidation with more efficient education at the local level. From one point of view this will cripple local autonomy. And yet, is there any way to avoid it if the State's manpower is to be developed to the maximum extent possible for the future development of the State?

We have a similar situation on the national level. My preference, and I think it is true of most members of Congress, is to see States and local units become viable and effective. If we're going to exercise any leadership on the national level, we can do it using incentives or mandatory requirements. We pursue the incentive role right now, and this is the preferred role, but if it doesn't work, then what? Do we let the thing go? This is the kind of choice we have. If the States don't rise to the challenge, then what do we do?

When we enacted the 1963 Clean Air Act to deal with a national problem, we found that within the 50 State governments there were only 50 people concerned with the problem of air pollution. That's how careless the States have been about this problem. This year's water pollution bill provides incentives for the States to contribute to the cost of building municipal sewage treatment plants. We passed a bill that provided the incentives because only 8 States out of the 50 were contributing a nickel to this problem at the local level. We've provided incentives. If that doesn't work, then what?

In many cases this lack of contributing is a result of the

fact that services at the state level have grown so costly that the additional resources for them to take on new functions just aren't there. I don't know how many of the 42 States that do not contribute to the local communities on the cost of sewage treatment are going to be able to. By 1972 we expect the total cost of sewage treatment plant construction will be at least \$20 billion. The Federal bill provides \$3.4 billion. That leaves something over \$16 billion to be provided by State and local governments in the next few years for municipal waste treatment alone.

As Mr. Colman suggested earlier, the fact of the federal system frustrates our ability to apply the resources which we undoubtedly have. If you view the gross national product figure of \$760 billion a year, we have the resources. That's not the problem which really exists. We want to preserve the federal system. But under present circumstances it does frustrate our ability to focus our resources where they are needed.

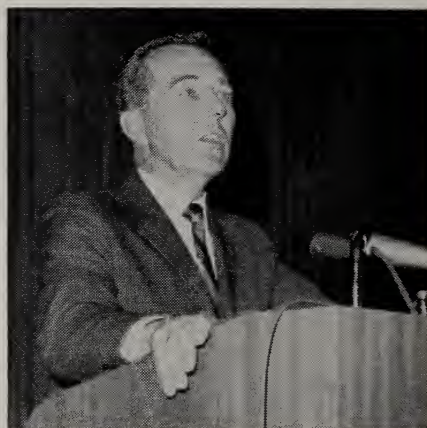


ROBERT C. WOOD

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THE FEDERAL ROLE IN CREATIVE FEDERALISM: THE NEXT STEP FORWARD

Robert C. Wood

It is a particular privilege to follow Senator Muskie here at the lectern. In his speeches and writing and the work of his subcommittee, Senator Muskie has spearheaded the Nation's concern with intergovernmental relationships. His call for new patterns of federalism paralleled President Johnson's famous speech of June 1964, which added both "Great Society" and "creative federalism" to our national phrasebook.

Senator Muskie was also the eloquent and resourceful floor manager in the Senate for the Demonstration Cities and Metropolitan Development bill, a measure which demands much in the way of political and administrative innovation. In effect, his dual leadership in urban affairs and intergovernmental relations personifies the new and complex domestic public problems of our times, and the machinery of federalism through which we must work to resolve them.

The fact that two country boys—one from Maine and one from Florida—now through fate and choice centrally involved in urban problems, begin this lecture series, under the auspices of the Department of Agriculture, is symptomatic of the adjustments that the twin transformations have produced.

Russell Baker once compared Washington to a room full of lidless baskets of snakes. "You have the confusion *within*

baskets, and the confusion *between* baskets." Perhaps he would see creative federalism as an effort to open the door so that the confusion can readily be shared with the rest of the country.

Man in a Changing Environment

To understand creative federalism, I think we must first acknowledge the profoundly new context in which present political roles and relationships are developing.

It used to be that the environment changed almost imperceptibly over the lifetime of many men. Generations of craftsmen worked to complete the great European cathedrals. It took decades for new inventions to spread across Europe or percolate down to the villages.

Now a single man in his lifetime confronts a constantly changing environment. Not only is change now rapid, but the rate of change, as a rate, is increasing steadily.

Within our professional lives we have seen the advent of computers, transistors, underseas telephone cables, and transcontinental airplanes. Textbooks just a few years old omit five countries, not to mention two U.S. Cabinet departments.

These changes will continue. Between 1900 and 1950, more discoveries and inventions occurred in the natural sciences and engineering than in all previous recorded history. Between 1950 and 1965 a similar number of innovations occurred. The great boom in urban population will bring in the next 20 years changes equal to the impact of industrialization, the Civil War, and the California Gold Rush.

Quantify and Improvise

This transient environment, this accelerating change has at least two important implications for the federal system—and the Federal Government's role therein.

First, it will no longer suffice for us to simply absorb and act according to the “common knowledge” of what is presently known. History, experience, custom, tradition become increasingly poor guides to comprehending our present problems—or undertaking to solve them. In order to understand and shape a world that is ever new and increasingly complicated, we must have access to the “uncommon knowledge” of the tools of modern science. The most important of these tools for our purposes is the construction of schematic or mathematical “models” to represent an entire social, economic, or political process.

“Models” are a way of simplifying large bodies of data so that they can be understood analytically. They make it possible, with the aid of a computer if necessary, to test the impact of various courses of action on the output toward which the process is directed.

For example, in the field of urban public transportation, one may wish to explore the probable effect on cost and convenience of decreasing bus size, increasing or decreasing frequency, scheduling on demand rather than time, curb ticketing, improved parking controls to relieve congestion, and bus-only streets. The transportation panel of the Joint Summer Study sponsored by HUD and the Office of Science and Technology identified a great many possibilities for research and demonstrations and for further refinement of an urban transportation model.

Harvard scientists working in Cambridge developed a river flow model for Pakistan that made possible significant improvements in the water-logging problem that was rendering unusable many acres of farmland each year. The effort to quantify problems and the systems approach are not entirely new, at least in the military business. Many years before Secretary McNamara and PPBS (Planning-Programming-Budgeting System), last Sunday’s *Book Week* reminds us, there was Napoleon Bonaparte. “During

a campaign," Napoleon wrote, "whatever is not considered profoundly in all its details is without result . . . Military science consists in calculating all the chances accurately in the first place, and then in giving accident exactly, almost mathematically, its place in one's calculations." The reviewer notes that to Napoleon the whole art of moving armies so that marching, fighting, and pursuing became a continuous process rested upon a calculated use of space and time for the attainment of specific objectives.

So the world is complex, not simple. Manifest axioms conceal latent multiplicities. If we fashion public policy on single, self-evident propositions, we do so at our peril. As strange and unreal as the new jargon and new techniques may seem, they have become imperatives. It is, after all, "uncommon knowledge" that produced nuclear fission, traced the chain of DNA, and explored the electrical components of the brain.

The second implication of the need to cope with a rapidly changing environment is that the role of government itself must continually change and adjust. We have all, since the New Deal, cut our teeth on what might be called the *politics of distribution*: the concern with satisfying needs for goods and services, with allocating scarce resources presumed to be relatively constant, and with mediating between conflicting classes or ideologies (business and labor, farm and city) .

In the past 10 to 15 years, our preoccupation has turned more and more to problem-solving rather than ideology, to the quality of our national life rather than simply its viability. The premium is on the *politics of innovation*: the effort to adjust or create agencies and procedures in such a way that they are responsive and adaptable, that they can use and build upon "uncommon knowledge" which touches the future as well as the past. In this context, governmental structure is no longer a pyramid of

building blocks, arranged with due respect to a neat and tidy hierarchy. It must be viewed and managed as a system of many parts and many relationships as well. It needs to be treated not so much in terms of legal prescriptions, authority, rules and regulations, as in terms of the capability to define and solve problems. "Distributive" politics could always be content with making decisions and enforcing them within a fixed field of resources. "Innovative" politics is never sure of what resources are at one's disposal. One has to search out new combinations of resources that yield new solutions to previously intractable problems.

Creative Federalism: Some Distinctions

It is in the context of a rapidly changing environment with a new premium on innovation of new administrative approaches to respond to the environment that we need to understand creative federalism. Being convenient and fashionable, creative federalism has become the favored rubric for almost every new administrative arrangement involving the Federal Government. I think it is more specific and more complicated than that. Let us start with what it is not.

I think we can distinguish between creative federalism and *DUAL* federalism—the traditional allocation of respective powers and responsibilities between the central and state governments. Creative federalism is not just a reshuffle of the old deck with more cards being dealt to the governors.

For one thing, the deck itself has changed. As Max Ways pointed out in *Fortune*: "In the long American dialogue over states' rights it has been tacitly assumed that the total amount of power was constant, and, therefore, any increase in federal power diminished the power of the states and/or 'the people.' Creative federalism starts from the contrary

belief that total power—private and public, individual and organizational—is expanding very rapidly. As the range of conscious choice widens, it is possible to think of vast increases of federal government power that do not encroach upon or diminish any other power.”

In short, new energy is being released in all sectors of activity. It is not the allocation of old power, but the effective utilization of the new, that is at issue.

We can also distinguish creative federalism from cooperative federalism, our present system of administrative collaboration and conventional grants-in-aid. As Senator Muskie noted in his lecture last week, a cooperative approach to problems between Federal, State, and local governments is almost as old as the nation—although it has not always been explicit. Cooperative federalism has built highways and hospitals, housed college students and low-income families, regulated agricultural surplus and apprenticeship programs. It has made possible continuing progress on a large number of national goals. But it has remained essentially dependent on energy released from the national level; it has deployed personnel and dollars to state and local echelons, but not necessarily problem-solving capability.

In the context which I have been sketching, however, a further concept of federalism is both possible and necessary.

Partnerships or Process?

We are, as Senator Muskie has said, developing a great many new partnerships in problem-solving, not only between Federal and local governments, but between government and universities, private business, and voluntary and professional organizations. These offer exciting possibilities but no easy solutions. There will always be tension in these relationships because the needs and interests of the

partners are not identical. I suggest, however, that these partnerships are the instrument of creative federalism and not its essence.

Our present need is to find ways to gather clear, accurate information on the functions of society. We must use this information with all the understanding and wisdom we can muster to consciously devise strategies and program packages that will change the boundaries and expand the options of public policy. And finally, we need to try out and adjust these strategies before they are disseminated and implemented generally.

If we cannot find ways to do these things, then we will be at the mercy of technological advance and the men who generate it.

This process of improving the flow of information, responding to it in imaginative ways, and refining the results in a limited setting before their general adoption is the process of creative federalism. In brief, it is the replacement of mandated authority invoked by appeals to symbols with rational attacks on situations the American people happen to find unsatisfactory or troublesome.

If creative federalism is to be successful, it must engage us all at the local and state as well as the national level: intellectuals, administrators and politicians, educators, businessmen, and technicians.

The Federal Government has a special role in this process. Its role is not to mandate national solutions, to set forth a grand design for the American city, the American farm, or the American elementary school. Its role is not simply to provide administrative support or resources for regional and local activities, to be a money ladle without purpose or discrimination.

The Federal role, I suggest, is to provide channels and mechanisms whereby the national constituency can be played back against regional and local constituencies in the

problem-solving process. As I have said, this will require administrative inventiveness. But it is, I believe, the only way in which the changing environment can be made responsive to the needs of the men who inhabit it.

The channels and mechanisms I refer to need not be formal or elaborate, nor should the whole process be made to seem too abstract. A good example of how this process might work can be found in the Model Cities and Metropolitan Development legislation.

The model cities program provides quite simply that communities wishing to participate, wishing to be involved, willing to meet some performance standards, are asked to come up with a comprehensive plan which includes both physical and social development, the improvement of health and education as well as the construction and rehabilitation of houses and community facilities.

The Federal Government responds by making available traditional types of aid to fit the components of the comprehensive plan, and by giving the community a supplemental grant to use at its own discretion to fill in the chinks. This program is intended to provide incentives for a community to examine deeply its needs and to pull together a total, coordinated response. But in keeping with what I have been suggesting, the program is experimental in nature—a large enough experiment, we hope, with sufficient concentration of money and effort to produce a “critical mass” for real change, but without any effort to move into every situation at once.

The metropolitan development program similarly provides supplemental grants for programs made in accordance with sound, coordinated metropolitan plans.

In both cases we are trying to create a situation in which local needs, assessments, and capabilities are dynamically related to the national thrust toward improving the quali-

ty of urban life, and toward making orderly and coherent the massive forces of metropolitan growth.

The important thing here is that the situation provides an opportunity for the issues to be confronted by generalists, by elected councils, by community consensus. The weakness of traditional administrative collaboration between Washington and State and local governments is that it tends to create a vertical axis of professionals (social workers, educators, highway engineers). What is needed is a horizontal axis across jurisdictional lines—within Federal agencies, within the community.

These are only two examples of the process. One could apply them equally to the problem of migration from farm to city, and to the issue of maintaining the vitality of small town life, and see immediately the collaborative web of pooled efforts, the partnerships, involved.

Now obviously, the approach of creative federalism involves some massive adjustments in administrative behavior. The agencies and organizations that in distributive politics fought for "their own," identified their clientele and protected it, are not easily adapted to the new environment. Strategies and tactics that lead to jealous protection of autonomy, careful delineation of jurisdictional boundary lines, sporadic restrained interagency communications, simply do not fit immediately the context of collaborative problem-solving. Old concepts of hierarchy, span of control, specific delegation of authority, and explicit definitions of responsibility die hard. So does the philosophy that order and structures can be regained somehow by consolidation of related programs and by institutional reorganization plans.

Yet some powerful compulsions are at work to change established practice.

First, there is the brutal reality that, in the transient environment, an administrative strategy of going-it-alone

leaves not only the problem unsolved but also places the agency's mission in peril. At HUD, it is obvious to us all that a simple focus on physical reconstruction in housing will not restore neighborhood life. It is equally obvious that we cannot muster within HUD the professional skills and capabilities in sufficient mass to comprehend all the activities that a complex neighborhood restoration requires. The successful execution of our mission thus impels us to reach out to other departments and agencies. This principle of reciprocity extends across all the Great Society programs.

Second, the complexity of the problems, their different combination at point of impact, impels reliance on our companions at the state and local levels. National prescriptions simply do not apply across the continent. Without adjustment to the specifics of situation and terrain, the best conceived models and designs become inapplicable.

Finally, an increasingly educated, pragmatic, and insistent public looks to results, not to denials of responsibility or disclaimers of authority. Rising expectations require increasingly high performance levels, and the constraints of old patterns of fixed structure become not just matters of administrative frustration, but also of political discontent. An agency that regards its program as its castle is almost certain to invoke a stage of siege from press and popular commentary.

So the need for collaboration and coordination at operating, staff, and policy level—for strengthening the couplings among Federal agencies and between them and State and local governments—arises not from sentimental aspirations of good fellowship. "Yes, Virginia, there is intergovernmental cooperation" is not the battle cry. Rather, the need is rooted in stark necessity, otherwise uncommon knowledge cannot be applied to the solution of complex problems.

The results of creative federalism at the federal level, if successfully executed, will do little to satisfy those who prefer neat and tidy administrative structures, clear lines of authority, and simple consolidations of functions. To them, the numbers of units of governments, of programs, of channels for action that exist may still imply an administrative monstrosity. So, in the same way, were the believers in the molecule appalled by the discovery of the atom. Organizing chaos is a risky business.

But the results of beginning with a strategy—as the Model Cities and Metropolitan Development programs undertake to do—and fitting together administrative components with substantive components may yet confound the critics. Properly applied, they can release energy and knowledge to solve problems on a scale and with a dispatch previously unrecorded in administrative history. It is on that adventure that we have now embarked. It is one that places unprecedented stresses, strains, and challenges on the performance of the Federal Executive Branch. It is one that fails at the peril of domestic America.

REACTION: Bernard F. Hillenbrand

My original plan was to open a bitter quarrel with Mr. Wood, but I didn't realize he was going to bring his whole family along with him. I don't know what a reactor is supposed to do. When Mr. Robertson asked me to be a reactor, I told him it reminded me of one of his own stories about the fellow who entered a mule in the Kentucky Derby. The stewards at the track were all upset; this had never happened before, but in checking through the rules they discovered that there was no rule against entering a mule in the Kentucky Derby. So they sent various delegates down to meet with this fellow, but he was just determined. Finally, the head of the racing commission

went down to see him and said, "Well, really you must withdraw this mule. You really don't expect your mule to win this race do you?" The man said, "No, I don't expect him to win the race, but I do expect him to profit from the associations." I came here to profit from these stimulating associations this afternoon.

Secretary Wood has compared Washington to a basket of snakes and I've heard Washington referred to as a city of Southern efficiency and Northern charm. I would like to just make a few comments on creative federalism from the strictly local point of view. We represent county governments in the United States. I know that people have been supercritical about local government in general and about county government in particular, but the weight of my comments this afternoon is that we ought to begin to develop some little understanding of the complexity of creative federalism at the local level. For example, the National Association of Counties has identified 270 separate and distinct Federal aid programs that provide technical assistance or some other type of assistance. Most of you are Federal officials and have responsibility for one or two or a handful of these programs. Just imagine a reaction at the local level when you have a local official or an amateur appointed official who is trying to sort through the welter of some 270 programs. And frankly, at the local level the people are responding to those programs where the funds are the most available and not necessarily where the problems are the harshest. I think that it is no secret at all that the average big city mayor is not going to take a chance on opening a gut-quarrel with the real get-all community unless he's very, very certain that he's going to get the support of the community, that he's going to get the support of the State Government and the support of the Federal Government. How is he going to go into the worst blocks in a large urban city for example and start trying to clear up

the slums when he doesn't have any real assurance of the continuation of Federal programs, doesn't know what technical help is going to be available, and doesn't know where that war is going to end.

I think a very real case can be made that we haven't really applied creative federalism at the local level and we are going to have to start doing it. With respect to the Demonstration City-County bill and the other legislation that the Secretary was talking about, we say "Amen," and we're not totally bereft of ideas at the local level.

One of the ideas that we came up with, and it's ours, is that the counties should appoint a County Development Coordinator—their own local man. We started this idea some 6 or 8 years ago when we made very extensive studies of the operation of the county agricultural extension agent and wondered aloud and editorially if this kind of an idea wouldn't have application in the urban situation. We pushed the idea for some 6 years and it went nowhere at all. We revitalized the idea in February of this year and, talking about the same man, the same position, the same duties, suggested that this man be called a Federal Aid Coordinator. The idea caught on like wildfire and we have some 400 of them in position now. We've changed the name back now to County Development Coordinator, and that alone, Mr. Secretary, shows that we have a lot of imagination in changing names.

What do we mean by a County Development Coordinator? We want this man to be appointed by the County Board of Commissioners and his entire salary paid at the local level. As you know, historically we've had a vast amount of confusion over whose man is the county agricultural agent. At the county level our county officials consider him to be a State employee or a Federal employee. At the state level he is considered to be a Federal employee. When I talk to the Federal officials they say "he's our

man.” We want to end the confusion to make sure that this man is locally appointed and locally accountable.

Here are the things that we want this local County Development Coordinator to do. First, and maybe most important, we want him to work with the internal municipalities. We were up last weekend with the first regional meeting of our County Development Coordinators. Mayor Barr, whom some of you may know from Petroleum City in Pennsylvania, was a speaker. He has been appointed by Governor Scranton to be, in effect, the HUD Secretary at the state level. In his speech he pointed out that it’s going to be absolutely imperative, if they’re going to solve the urban problems in the State of Pennsylvania, for the State to start working increasingly with the county government. He wants very much to have the Demonstration City-County bill expanded to make a wider role for the involvement of the suburban areas through the wider use of the county. One of his examples was Bucks County, Pennsylvania, where there are within that county some 270 separate municipalities. As a matter of fact, in the State of Pennsylvania they are experimenting in counties where the county has started to make grants-in-aid to its internal smaller units of government—townships and so on. So the first job for our County Development Coordinators is to work with the internal municipalities.

We hear a whole lot about there being too many counties in the United States. From the point of view of our dues-paying members we don’t think there are too many counties. There are 3,043 counties in the United States, but there are some 18,000 municipalities. There are some 70,000 other smaller units of government, including school districts and so on. We are going to have to make wider use of the county at the local level as a coordinating agency working through the County Development Coordinators.

The second major function that we would assign to this

man is working with the appropriate State agency. As almost all of you know, I am sure, typically, Federal aid programs are run in conjunction with some State programs. For example, in hospital construction under the Hill Burton Act, priorities are established by an appropriate State agency. It's important for that county and the internal municipalities to work with an appropriate State agency in getting something done about the urgent need for hospital construction in the United States. You could go through a whole list of programs. Under the airport program, for example, the priorities are really established by the State aviation agency, and the Federal Government is a participant in this partnership Secretary Wood talked about. It is true in the highway program and a whole host of other programs. So, one of the first places to start coordinating is through closer contact with the State government.

Speaking as a representative of local government, I am extremely heartened by the fact that in the past 2 or 3 years there have been increasing signs that State governments are going to return to the business of government again. They are beginning to make constitutional changes at the state level; some 32 States are now actively revising their State constitutions. They are increasingly beginning to develop some of these mechanisms that we have tried out at the local level and some that have begun at the federal level.

The third responsibility we are suggesting for our County Development Coordinators, and these functions are beginning to take shape in these communities, is the function of working with the Federal departments. All too often in the past in our dealings at the local level with Federal agencies, we felt a little bit like we were talking to Henry Ford in the old days. You remember the old story about his saying that you could have any color Ford car as long as

it was black. This is the kind of reaction we have gotten all too often in our dealings with the Federal agencies. I am encouraged to see in the audience Harold Seidman from the Bureau of the Budget; I think that he is a part of the new wave of ideas being generated at the national level. He took a very bold step and invited representatives of the National Association of Counties, the League of Cities, and the Council of State Governments to participate in a real active review team of Federal officials who went around the country to find the administrative problems in the Federal aid programs and to see the types of things we are trying to do at the local level. I think this is an extremely encouraging kind of development. We are not making a distinction between Harold Seidman, who is employed by the Federal Government, and those of us who are employed by county government. We are working at problem-solving and not at jurisdictional problems, as the Secretary pointed out.

The fourth area where I think the County Development Coordinators can perform a real service is in the whole business of working with outside groups. For example, they can work with county agricultural extension agents in rural areas and, increasingly as the Department of Agriculture moves into the urban scene, they can work with the extension agents in urban areas.

It is increasingly important to know that we are getting brand new groups participating in governmental teamwork. For example, my own church, in addition to making some very important dietary decisions lately, has gotten involved in and actually has taken leadership in a whole host of areas that were once considered to be exclusively governmental. I think we have got to widen the role of outside groups in government programs and start using increasingly labor union representatives in the business community. I think one of the great leaps forward we've made is interesting the university world and big business

in the United States in the form of the CED Report. This is the first major breakthrough of getting the “power structure” in the United States—the “superpower structure”—involved in our local problems and the kind of things we have to do at the local level.

I think as our County Development Coordinator position develops, we are going to find increasingly that the reliance is going to be placed on areawide planning, zoning, and land-use and economic development through very wide use of the county as a coordinating agency. In those cases where the urban area spills over more than a single county, the regional council of governments idea will probably prevail.

We’re very proud of the fact that the National Association of Counties strongly supported the Community Development District bill in the last session of the Congress in the United States, because we think these are the kinds of things that have to be done in rural America if there’s going to be anything like equity between the people who live in the rural area and those who live in the urban area. We see a much wider use of these kinds of tools at the local government level where we have priorities established in terms of our local needs in the form of a long-range capital improvement budget. Communities will set priorities, for example, for general purpose airports, hospitals, technical schools, or community colleges. But, whatever the need, the decision has to be made locally as Secretary Wood pointed out.

The United States is not one gigantic homogenized mass of nothingness. It’s an area of very sharp differences—customs, racial origins, culture, organic law, and a whole host of other differences. Any program at the national level or any other level that assumes some mass of uniformity is doomed to fail, in our opinion, and that’s why we need a much wider role for the local government officials. Again, I

guess our real comment to all of you who have the enormous responsibilities for these Federal programs is that we want to be friends and neighbors but you have to understand the problems at the local level.

One of the key problems is finance. We will take care of the mentally ill, and we will take care of the welfare recipient, and we will find jobs for people. How many jobs could we find for people if we could afford at the local level to spend \$9,000 per year to educate a school dropout? We've got enormous financial problems at the local level, and you're all citizens of local government. You should understand what some of those problems are.

We make a very facetious comment that we can solve the problems of the lethargic local governments in the United States overnight by a very simple expedient. We will turn over the Federal individual and corporate income tax to the counties and let the counties make grants-in-aid to the Federal Government, providing of course that the Federal Government can meet certain simple standards that we would like to establish. Not many people are talking about it in those terms, but one of our concepts, and the reason that we supported the Demonstration City-County bill was because, when you get right down to it, it is a form of block grant. These are the kinds of responses we need.

I'd like to mention other kinds of problems that we have at the local level. One is that once we have identified a problem it seems to escalate. For example, one of our counties built an eight-room extension to an elementary school with special classrooms to handle the problems of retarded children, yet at the end of the first year they found that there were three times as many retarded children in that community as they had originally anticipated and now they've got to add an addition to the addition. These are the kinds of problems we get. We were in Pennsylvania a week ago at the County Development Coor-

dinators regional meeting and the officials up there pointed out the fact that if the Pennsylvania counties were to get on top of just three national problems—mental health, public welfare, and water pollution—in anywhere near an adequate fashion, they would have to double, yes, *double*, their tax rates. Any of you who have had any political experience, particularly with doubling local property taxes in election years, know why we have tremendous problems at the local level.

I went to the Maxwell School at Syracuse University and our Director was Dean Appleby, former Secretary of Agriculture. Dean Appleby built a tremendous number of lectures around Mr. William Jump, and although we didn't know Mr. Jump as students he was the great hero of our education in public administration, the ideal to which all State, Federal, and local civil servants aspire. Apparently he was a man with a great deal of humor. William Jump is supposed to have told a story about his meeting with a group of interns. He was identifying the administrative problems in the Department of Agriculture. He told the interns: "The basic problem is that the various subagencies in the Department of Agriculture fail to mesh and you are to go out and try to do something about this problem." One of the interns popped up and said, "Mister Jump, I guess you mean we should go out and try to make a mesh of things."

REACTION: Richard L. Steiner

Mr. Robertson, Secretary Wood, Mr. Hillenbrand, and ladies and gentlemen, it's a real pleasure for me to be here. I think what the previous speakers have said is pretty much just right and it's hard for me to add a great deal. Perhaps you know the story about "just right." The wealthy man gave a cigar to his chauffeur and a little later

he asked his chauffeur, "Well, how was the cigar?" The chauffeur said, "It was just right, just right." The millionaire said, "What do you mean, 'just right'?" "Well," he said, "if it had been any better you wouldn't have given it to me; if it had been worse I couldn't have smoked it." I can't fight with these fellows very much.

I certainly can't fight with Under Secretary Wood because I'm trying to get about 22 million dollars from him right now and I haven't got it yet. I can't fight with Bernie Hillenbrand because I have the great and unusual fortune of coming from a city which is not in a county.

About 10 days ago I shoveled the last of the corn into the crib and the new lambs started coming. Last Friday I spread on my fields 35 tons of lime half of which was paid for by the United States Department of Agriculture, thank you very much, and I sold the tag end of last year's lambs for 22½ cents which I thought was a pretty good price in our market. I don't say this by way of shocking you, but I don't know how often a farmer speaks from this rostrum. In any event, shocked or no, as you can see the farm's in pretty good shape for the winter, and I am now able to turn my undivided attention to urban problems. Our urban area is not in such good shape and needs a good deal of attention. Furthermore, I must get paid for helping the urban center in order to support the farm.

I must approach the subject of creative federalism from my point of view within the narrow context in which I work and see it, which is the context many of us have frequently referred to through the years as Federal-local relations. I think we all have heard the arguments as to why the Federal Government should be in this kind of Federal-local relationship and we've all heard a good many speeches to the effect that it shouldn't be in it at all. We've heard the arguments about equalization of wealth, the arguments about the Federal Government being a more

efficient tax collection mechanism, the arguments about stimulating progress and stimulating innovation. Innovation is important in our particular business, to eliminate slums and to eliminate the central city urban ghetto. There are also arguments, of course, about uniformity of policy. There are certain matters of national policy which are so important that the Federal Government must define them, be involved in them, and try to impose them on the whole Nation in order to accelerate their acceptance in the whole Nation. Certainly racial equality and nondiscrimination come in that category at the present time. Usually this kind of discussion ends up with a mournful recognition that "This is the only way you can do it anyway, because the Federal Government has pre-empted all the good tax sources; we have to try to get this money back from Washington and hope that it isn't discounted too much for the service rendered by the bureaucracy."

It seems to me that there are certain basic requirements for creative federalism. We could cite many, but let's talk for a moment about several I think are important. First of all it seems to me that to have a creative federalism within the framework of Federal-local relations there has to be a clear statement of national policy. The Federal Government can be used for the establishment of clear statements of national policy. This, of course, is easier in international relations than it is in domestic relations. In housing we have always tended to look back upon the Housing Act of 1949 as having done this in fairly simple terms in its preamble. It did establish certain national objectives for the first time relative to the urban environment. The other basic requirement is that the Federal Government provide financial and technical aids. I think Under Secretary Wood probably expected me to get up this afternoon and say, "Don't worry about the technical aids, just give us the money and don't ask us any questions about what we

do with it." There are some days we really feel that way, too.

One of the fundamentals, if the Federal Government is going to provide financial and technical aid, is that it in fact provides the aid. I could get into a pretty good argument with Secretary Wood right now as to whether this is the case in some of our urgent urban programs. The divergence between supply and demand of Federal aid funds certainly is very great at the present time in many of the HUD programs, and many of us feel that this is a very serious matter of crisis proportions. We have also heard about inflation and Vietnam, so don't tell us about that.

It seems to me that another basic requirement is for the Federal Government to guide but not dictate. All these things have been said before, but perhaps it helps to put them in this context this afternoon. The Federal Government must be flexible enough, while guiding and not dictating, to permit the full play of local initiative. The Federal Government, if it's in this role, has to do something about maintaining honesty and the lawful use of funds—this I think we can't get away from.

Another important aspect requires the Federal Government to provide leadership and some follow-through. The difficulty in administering Federal-local aid programs, or any program, seems to me to increase very rapidly with the number and variety of objectives. This is one of the very serious problems we have in our urban programs today, both at the national level and at the local level. Our programs are multiobjective programs, and with the Demonstration Cities Act passed they will become even more so, because this legislation attempts to deal with the totality of the problem. For the first time in dealing with the problems of cities we are going at it on the basis of a total systems approach.

In the cities there are all kinds of objectives. In urban

renewal, for example, which I know most about, we have the objective of clearing the slums, the objective of increasing the supply of low and moderate housing, the objective of rebuilding a tax base, the objective of improving urban design, the objective of human renewal and everything that that implies, the objective of increasing job opportunities, and the objective of promoting racial equality. I could go on and on. It becomes a pretty subtle kind of proposition to create the right mix at any particular time, programatically, in order to achieve these various objectives. By the same token any particular program which is formulated is extremely vulnerable, politically, in terms of public relations and political relations, because, having announced that all these objectives would be sought and achieved, you obviously find you don't do as well on some as you do on others; and you find the people who are enthusiasts for a particular objective or goal will be critical because that goal or objective was not achieved in greater measure or with greater success.

Now, we might talk for just a moment about the real nature of the relationship between the Federal Government and the local government. Here, I think I rather sharply disagree with Secretary Wood. He has talked about partnership; all of us have talked this cliché of partnership for many, many years. As my experience with this relationship has increased through the years, it has seemed to me, more and more, that this is a mistaken way to look upon it. Perhaps it is more useful to use the parent/child analogy. This may appear to put local government in the inferior position but I think the analogy is appropriate. I think that really this relationship can be viewed better and analyzed better in terms of a parental relationship. It is more difficult to be a parent than merely to be a business partner, as those of us who have tried it know. It's much tougher on the parent and infinitely tougher on the child.

But it involves such things as getting the child started right, guiding but not dictating, establishing standards but not absolute demands, allowing independence but in crises supplying money, having a certain obligation to punish when very bad but deciding what really very bad is, and, of course, a certain restraint in managing. Somehow or other this sort of wisdom has to be gotten down into the working ranks of any large organization. This is one of the great challenges. In any big organization it's easy enough for the secretary or the executive vice president or somebody to go around making speeches, but to get the fellow who's dealing with the public every day to do it in the right way is another tough problem.

The Federal Government, it seems to me, in creative federalism should provide some real definition of national objectives. It should provide the money. But, as I've said, that's not everything! It should provide research.

Today, particularly, the Federal Government must play an extremely strong role in helping to provide competent, trained personnel at an accelerated rate. This is one of the real limiting factors on local government, more limiting than money perhaps. This is a tremendous need, and the Federal Government can play a big role here and is playing an increasing role in many ways.

Finally, the Federal Government must provide leadership.

Let me come back to Model Cities, which I think affords, to all of us who are concerned with urban problems, a tremendous opportunity and a great potential. This is true for a couple of reasons. One, because the program will be small—it will be experimental as Secretary Wood has said—it will be small enough initially so that the efforts, the work done, the local programs can be custom tailored. Two, there will not be a pressure that demands institutional standardization, which is a curse of so many of

our Government programs. It will be possible for various cities to use their best judgment on the best ways to try to solve problems without having to go by a rule book. The rule book hasn't been written yet. I hope the rule book is written at the end, rather than at the beginning.

Finally, perhaps the most important aspect of this whole program is the fact that the Demonstration Cities Program will provide a very, very strong positive pressure—a pressure maybe more important than the actual fixing up of slums, educating people, buying them false teeth, and all the rest of it. The program will provide a very positive pressure to modernize local municipal government. One of the big problems in the whole governmental process today is the impossibility, in any city of any size, for one man to be the ceremonial head, the political head, and the administrative head. We have to find new ways of centralizing responsibility. This is done in private business with the executive vice president or somebody of that sort. In local government, generally speaking, we have good individual departments each going its own way. It's an orchestra with each highly competent man playing his own instrument. But we need a conductor to lead the orchestra, and I think there will be a very positive pressure on the Demonstration Cities Program to increase greatly the effectiveness of centralized administration in cities.

We'll watch to see if the parent has enough wisdom and to see if the child has an adequate response to fulfill the promise of this new legislation.



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CREATIVE FEDERALISM: THE STATE ROLE

John Anderson, Jr.

Let me preface my remarks by stating how pleased I am to be addressing this knowledgeable audience this afternoon. This entire series of lectures is centered upon a subject that must become far more than just another impressive-sounding phrase in the political lexicon; “creative federalism”—if it is to effect the numerous values inherent in the concept—must be translated into action at all levels of the federal system. And finally, by way of introduction, I would like to thank those involved in the formulation of this lecture program for including me in the distinguished company of the four men who will speak to the various basic focuses of government in need of close scrutiny and possible reform.

The subject “creative federalism” might well be viewed as a problem of the future of our form of government. There have been many changes in the past three decades—some brought about by the very necessary expansion of federal functions to meet the requirements of foreign policy, of national defense, and of certain domestic problems. Other Federal programs have been brought about because State and local governments have failed to meet the needs of the times. We need, at this point in history, to lay aside most of the extremism of partisan politics of the past and to consider these problems as objectively as possible—to

consider them in terms of the total structure of government which we want and which will work in a society as complicated as ours. It seems to us that the central problem has to do with maintaining, and hopefully enhancing, *representative* government—that government which is as close to the people as is *realistically* feasible. This, of course, is an extremely complicated problem.

Certainly, since 1932, the role of State government has declined in relation to the role of the Federal Government. In this connection, it is important to differentiate between the public image or impression of the decline of the States and what has actually occurred. State governments *still* play a very basic and important role in governing our daily lives, most of our laws, and most of our court proceedings. State government lays the ground rules for city school districts, counties, and other forms of local government. It still provides most of the support for state colleges and universities, penal institutions, and mental institutions. State legislators and administrators implement and play varying roles in some Federal assistance programs. The bread and butter role of basic laws and basic services is continuing.

Part of the problem in objectively viewing the role of the States relative to the Federal Government is that new Federal programs, even small ones, get publicity and glamour. In recent years, state taxes and appropriations have increased at a faster rate than those of the Federal Government. *Time* magazine reported not long ago that “. . . state and local taxes are growing by 9% a year, or almost twice as fast as the national income. Of the 47 state legislatures in session last year, 32 approved tax increases. . .”

In addition to the continuing basic service role of the States, very recently a considerable concern has been expressed throughout the country that State governments be revitalized to do their share in meeting the problems of

our time. The organization which I now represent, the Citizens Conference on State Legislatures, is one manifestation of that movement. Although the proportions of the current movement to improve State governments and State legislatures should not be exaggerated, it does seem to represent a new and healthier view of the problem. The emphasis is *not* on *States rights*, but on *States responsibilities*. The emphasis is not on federal encroachment but on the inevitability of the Federal Government filling the void if State and local governments abdicate their responsibilities. The emphasis is not on creeping socialism and the dangers of federal bureaucracy but on the need for *representative* government *realistically* close to the people.

In connection with the need to change our perspective on these matters and these problems, let me mention two situations which have adversely affected the image of State government in recent history, both of which, we hope, are past. The rural domination of State legislatures has had the effect, some in practice and more in impression, that State government is opposed to and in conflict with and unsympathetic toward the problems of metropolitan areas. Reapportionment should change this considerably. More tragically, because of the special problems in the South, the interests of the States have come to be identified as opposed to civil rights. We trust that this situation is on its way to resolution.

Among other problems, it seems that State legislatures have not served as effectively as they should as agencies for increasing understanding between, and developing the mutual interests of, rural and urban sections of the population. As farming becomes more professionalized, as urbanites splash into the countryside for recreation, as metropolitan regions spread along interstate highways—with these developments—rural-urban conflict should decline. But what should be stressed is that city interests and city

dwellers, including suburbanites, have not been sufficiently interested in statewide problems. Too often their view of State government and State legislatures seems to be confined to their own special interests—efforts to get kick-backs from state revenue (some of which they may deserve) or efforts to get the State, in effect, to leave them alone. When some thorough opinion surveys of public attitudes toward legislatures are made, I suspect we shall find that rural and small-town people of comparable education have greater knowledge about State government, that they are more likely to know their legislators, and that they are better informed about the operations of the legislature than their urban counterparts.

The role our large cities once served in sociopolitical assimilation is being met less and less effectively. Until or unless effective metropolitan government is developed (including the unlikely prospect that its boundaries could be expanded rapidly enough to keep up with the spread of the metropolitan regions), State legislatures also need to serve as a meeting place, as a place of negotiation, and as a place for developing understanding among suburbanites and city dwellers, among socioeconomic classes, and among racial and ethnic groups.

There are many signs which point to some revitalization of State government and of the public image of State government: reapportionment, the resolution of the civil rights crisis, the clear-cut evidence that an anti-Federal program cannot bring victory to a major political party! In connection with this, one might add that the Federal Government appears to have been given nearly all of the new programs that it can reasonably manage in the near future. In other words, it occurs to us that the climate of public opinion now may be opportune for a very different and more realistic appraisal of the federal system and the role of the States.

Our own organization, the Citizens Conference on State Legislatures, has chosen to focus on legislatures as the weak link in our entire system of government. In recent years the executive branch of State governments has undergone substantial revision and improvements. Except in a very few cases, comparable changes have not occurred in the legislatures. Most legislatures in the country are very badly in need of better compensation, more research and staff services, improved informational services, more adequate office facilities, and better organizational procedures. Also needed is research and imaginative thinking about more complicated issues such as the conditions required for recruiting and retaining the most competent men and women in State legislatures.

These problems—salaries, staff, research services, physical facilities—are not minor problems. I am sure it is hard for most people in Washington to really imagine how pathetic and inadequate are the conditions of work for most state legislators. One index to this, for example, is that the cost of operating the United States Congress is more than twice that of operating all fifty State legislatures combined. If you subtract from this a few of the more advanced States, such as New York, Michigan, and California, the situation would be even more deplorable.

Beyond the problems of improving the conditions of work for legislators is the problem of recognition or, as the public relations people like to say, the problem of a public image. This is a far more complicated matter. Yet if we believe in representative government, we must have representatives who deserve our respect. If they deserve our respect, we should give them every possible support.

In connection with the problem of State governments living up to their responsibilities, a few things might be added. Much of the failure of the States in recent decades can be attributed to a lack of revenue. Governors and

legislators tend to attribute this to the Federal Government's having pre-empted the income tax and other healthy sources of revenue. This is debatable, of course, because the States have a priority to most of the same sources that the Federal Government employs, including the income tax. The States have been very timid, in part because they have felt competitive with one another, in keeping taxes low. There has been the notion that industry is attracted by low taxes. More recently, we have begun to recognize that industry may want services—good schools and cultural institutions for their employees and well-developed universities for research purposes.

Many States, according to their constitutions, require public referenda to institute or increase certain kinds of taxes. Imagine what the Federal Government might be faced with if such a public vote were required. At any rate, there is need for a very thorough study of the entire revenue structure of all units of government, including the Federal Government, State governments, cities, and public school systems.

Having thoroughly confessed the sins and shortcomings of the States and mentioned some positive, although not yet extensive, efforts to do something about them, let me also mention a few bones we have to pick with the federal establishment and its operation.

First, we who have worked in State government feel that the States should be consulted more in advance about Federal programs which affect them. We are constantly placed in a position, in order to get our proper take of the Federal pool for individual States, of having to enact matching programs in accordance with provisions established by the Federal Government. At the very least we should like to be treated as junior partners.

Some of this may check back to a failure in communication between governors, state legislators, and the U.S. Sen-

ators and Congressmen from the States. There is also need to step up communication between the president's office and the governor's. Incidentally, in all of this, State legislatures tend to be left out entirely.

Second, in connection with the problems of *representative* government, there is a trend which needs to be recognized and evaluated. This is the trend for the President and governors to use committees and commissions of elites and other special interest groups to form policy. Congressmen and legislators, the officially elected representatives of the people, are then expected to ratify such policy. I mention this as a trend that we ought to be alert to and consider the implications of. If continued and accelerated, does this mean governments by elites and special interest groups? If continued, does it undermine the officially elected representatives of the people?

Third, let me mention another matter of considerable importance to States and regions. This involves contradictions and confusions among Federal programs. The Federal Government with one hand attempts to assist the poor States and regions in many of its Health, Education and Welfare and other matching programs. But, with the other and stronger arm, the allocation of contracts and grants has the effect of enhancing the wealthier States and regions and of increasing the gap between poor and wealthier States. Although I am not certain as to exactly what proportion of the development of southern California in the past 30 years can be attributed to federal contracts, federal installations, etc., I am confident that it is a major portion.

Now, and very predictably, southern California is reaching a point of acute crisis in terms of a sufficient water supply. We are told that water can be channeled from the Columbia River at a cost of *seven billion dollars*. In addition to this, it is reasonably clear to anyone who tours southern California that the growth has been too

rapid and too unplanned. In other words, southern California seems to have boomed too rapidly, a boom which has been produced, in considerable part, by the action of the Federal Government. The problem of water supply and other corrective measures will have to be performed with Federal assistance. All this has the effect of giving the Federal Government more to do, but I doubt that it was intended that way.

The point is that the Federal Government should have the technical know-how to foresee the long-range consequences of some of its actions. It should know that national defense and space contracts substantially affect economic development and population movement. I realize, of course, that there are at least two sides to this problem; that the Defense Department, at a given time, is trying to get the most for its money, yet it is poor economy in the long run. In such areas as Appalachia and the Northern Plains and Rockies, a little bit of federal contract money might go a long way. There are many small cities in our part of the country and in other regions which could stand to grow at a somewhat faster rate and do so in an organized and manageable way.

In recent years, of course, we have all become aware of the importance of universities. In most of the country, except the northeast, we have developed very fine State universities, primarily with State resources. The allocation of research contracts and grants in the past 20 years has greatly increased the gap between a few very large universities and the good, solid universities which characterize our region. Although there have been efforts to correct this somewhat recently, the general trend and effect persists. Federal programs, which now have very substantial effects on the economic and cultural development of States and regions, may, in the long run, produce a few elite universities, a few concentrations of metropolitan populations, and

a few centers out of which all knowledge and action flows. If the country heads in this direction, obviously State governments in poor regions will not be able to support universities and other services worthy of the name.

The future of the States and of State legislatures should not be taken for granted. Before the States are allowed to wither away, we should consider, and consider carefully, a wide range of problems. How would Congress and the Federal Government behave if the States did not perform a check-and-balance function, including the influence that governors and state political parties exert on Senators and Congressmen and sometimes on the President—especially before elections? How would cities and public school districts fare if all of their dealings were with the Federal Government? Above all, what are the implications for the future of democratic government if we cannot make democracy work at the state level?

It is unfortunate that partisan political debate in recent decades has had the effect of identifying the interests of the States as opposed to the interests of the Federal Government and, to a considerable extent, as opposed to or blocking the proper development of cities and metropolitan areas. There must be reasonable, rational, and constructive ways to define and develop the appropriate roles of various units of government and of the relationship among them. We need far less heat and far more brains applied to these problems. In addition to high-powered brains (which we do need), the public should carefully review these problems. I have confidence in the democratic process.

REACTION: Walter A. Scheiber

A reactor is in a tough spot if, as in my case, he is generally in accord with the main speaker. It really doesn't contribute too much simply to say "me too," so this after-

noon I'd like to throw an additional element into the pot in my capacity as the local government representative on this panel.

Governor Anderson's remarks were certainly well taken. There's no question that the States of this Nation have a great job ahead of them if they are to revitalize themselves and assume their proper role. But perhaps the dilemma which faces our cities and our metropolitan area is even more complex, at least with respect to the various state problems which the Governor enunciated. We can identify the kind of solutions which we think would be appropriate, whether they be in terms of greater fiscal powers or whether they be in terms of constitutional change. When we get to the problems of the cities, the problems are equally real, but I'm afraid they are not so easily soluble. For one thing they deal with areas of human need in which the illness of the community has become so acute over the past few decades and in which the scope of the problems is so broad that there really is no single pat solution to which we can call attention and on the basis of which we can proceed. For another thing the cities, as creatures of the States, find that they are constrained legally and financially in many respects by outmoded state laws and by outmoded constitutional restrictions which make it virtually impossible for them to act as if they were masters of their own destinies. For these reasons the cities have turned increasingly to Washington; they've turned increasingly to the State capitals.

But what about our metropolitan areas? Interestingly, I think, although the problems of the city are at the hub of the problems of the metropolitan areas, the solutions in some senses are even more difficult because of the way in which our metropolitan areas are fragmented. We do begin to see a glimmer of progress here, and I'd like to take just a moment to throw this subject on the table so that it may

be considered in the discussion which follows. Our metropolitan areas have a longer way to go than our cities, but they have started down the road toward some sort of solution through the recent development of a mechanism for coping with problems on a metropolitan scale. This mechanism offers some hope for the first time that the fragmentation, the Balkanizing of these metropolitan areas, is not an insuperable obstacle to the solution of our urban problems. I think it's appropriate that I mention this to you in a seminar on creative federalism, because the device which I'm going to describe very briefly is (a) creative and (b) federated in concept. This mechanism, which was tried out for the first time in the early 50's and which is gaining increasing favor in the attempt to bring solutions to metropolitan problems, is the regional council of cities and counties of the type in which I am now engaged as Executive Director of the Metropolitan Washington Council of Governments.

The council of governments device was created in recognition of the fact that a city acting alone as central city cannot solve its problems unless it does so in concert with the neighboring jurisdictions; the council was created equally in recognition of the fact that the American people, because of their deeply felt conviction about grass-roots democracy and home rule, in all likelihood within our lifetimes will not be willing to create metropolitan governments. There are two or three metropolitan governments in the United States, but most such attempts have been repudiated by the voters at the polls.

The kind of an organization in which I am involved is, in my judgment, every bit as crucial to the success of principles of creative federalism as cooperation between the three major levels of government. The council of governments is a federation of the cities and counties of the metropolitan areas which is voluntary, unlike metropoli-

tan government, and which is flexible, is easy to organize, and would fulfill many of the purposes of a metropolitan government but in fact is not a metropolitan government. The council can, we think, enable local governments to come to grips with problems which are pressing in more and more every day, and yet come to grips without the coercive effect of "metro," which many people concerned with local government feel may be worth trying, but which in fact appears to be totally unacceptable to the majority of voters in the United States.

The council of governments device has the support of the Federal Government. Recently enacted legislation makes organizations of this type eligible for two-to-one matching grants. It has the support of the States; a number of States are preparing legislation to bring about greater use of this device. It has the support of local governments, because it does not supplant them but enables them to bring their various programs and functions to bear on the pressing urban problems which face us. Our cities cannot hope to solve their problems in isolation from their neighbors any more than they can hope to solve them in isolation from the States or from the Federal Government. Air and water pollution, traffic jams, crime and social disorganization do not recognize city, county, or state lines.

It is still a little bit early to measure the effectiveness of the new council of governments device, but obviously the concept of creative federalism can't be successful unless we learn to work together cooperatively and effectively, not only between our three levels of government but also within our great metropolitan areas.

REACTION: Frederick C. Belen

As I sat here, I could see the people wondering why on earth the Post Office Department is talking about the

Federal-State-local cooperation program—one of the cornerstones of creative federalism—when there probably doesn't exist a Federal agency which is more self-contained and which gets less direct assistance from any other area of government. Admittedly, somebody, somewhere in government, might recommend a candidate for a postmaster position, but that's about the extent of our intergovernmental relations.

In view of the high proportion of people here who did not hear the other two lectures, I think it might be well for me to summarize what has been said, before I react to the remarks of Governor Anderson, in order to eliminate any tendency to assume that this series of lectures is not all together and that this session is one in isolation.

Senator Muskie, speaking on the subject of whether creative federalism is evolutionary or revolutionary, concluded that the problems creative federalism faces today are not new, but that they were thoroughly recognized at the time our founding fathers drafted the Federal Constitution. Because of this recognition, the Federal Constitution contained the mechanism by which Federal-State relationships could be worked out and these problems could be solved. The Senator did not state that the concept is evolutionary, but he did trace the involvement of the Federal Government from its early emphasis on war, diplomacy, and international needs to our present concern with national domestic affairs involving a current level of more than \$14 billion in Federal funds directed to 170 separate aid programs.

My personal view is that the Federal Government's role is twofold, in the classic sense of providing assistance and support to the common good and acting as a catalyst to raise the level of competence of State and local governments in order to enable them to assume a partnership role. That was the subject of the second lecture by Under

Secretary Wood of the Department of Housing and Urban Development. He said that our rapidly changing environment has at least two major implications for the federal system and the Federal Government's role therein. First, our actions can no longer be based solely on our experience, history, or custom. We cannot rely wholly on common sense, so to speak. He called upon us to make use of uncommon knowledge and to use quantitative aids in our governmental decision-making process. Second, the role of government itself must continually change and adjust. Government can no longer be totally concerned with traditional methods of interlevel cooperation. Innovative politics are necessary to search out new combinations of resources that yield new solutions to previously intractable problems. The idea of cooperation among Federal, State, and local government levels is not new, but the creative brand of federalism necessary to solve the Nation's problems of today and tomorrow must recognize this cooperation as a means—not an end. Secretary Wood said that the essence of the Federal role is to provide channels and mechanisms for administrative inventiveness at all levels of government.

With that background, today's lecture addresses itself to the State variable in the creative federalism equation. Governor Anderson said, as I recall it, that he looked upon creative federalism as a tool for the future. We have Senator Muskie looking back at past developments; Mr. Wood, who is very closely involved in many of the new programs of urban development, talking about the current situation; and the Governor saying that we ought to look upon creative federalism for the future.

Governor Anderson gave us a rather detailed description of the problems of the State governments and the reasons why we are not always able to relate our efforts to some state programs. He spoke of the inability of the state legislators of the past to represent fully the urban areas

and to be in tune with the kinds of programs now sponsored by the Federal Government. More than that, he said that we ought to take steps to ensure that the state legislators, whom he regards as a key to this, are oriented to the problem; and to give them the tools, staff, and equipment with which to meet the issues. I think that the Governor has put his finger on a very sensitive nerve as far as Federal and State cooperation is concerned. When Federal-State programs are developed, there always seems to be more pulling and hauling when it comes to setting up the administration of the program. The poverty program is a good example. Everybody was ready to tell you how to handle it better.

I think you can get almost anything done if you don't care who gets the credit. In the Federal-State programs, credit is a pretty big item. I came to Washington in 1937; at that time the whole Federal budget was \$8 billion. There wasn't really much scrambling for Federal dollars, although the papers read as though the Federal Government were taking over everything and encroaching on every state authority. When you think in terms of today's Federal budget of well over a hundred billion dollars, you see how domestic-assistance programs now are run pretty much through State governments. This is a part of what was caused back in 1937, 1938, and 1940, when the State governments did get a grip on these programs.

The other day, I was looking up some material with respect to the Hatch Act. Many people think of the Hatch Act as applying only to Federal employees. If it covered every Federal employee, the Hatch Act would affect 2.6 million persons. But, of the 7½ million state and local employees, more than 51% are paid in whole or in part from Federal funds and thus are subject to the Hatch Act. The people who are receiving the benefit of these services do not relate these programs to the Federal Government.

They regard deciding where roads will be located and performing many of the functions of the Department of Agriculture as state functions; although the employees have been hired with the help of Federal funds, they represent the State government.

One of the biggest hassles I can remember was jumping first the Federal, then the State Employment Service, all because somebody wanted to get the credit for, say, who made the selections for jobs. Maybe it was for other administrative purposes, but the credit question was a major part of it.

The Federal Government has a responsibility for raising the taxes, but nobody wants to trace where that tax money goes, because it goes through so many different channels. The whole hundred and some odd billion dollars really goes back to the States, in one form or other. Of course, everybody is glad to defer to the Federal Government in the matter of raising taxes; and then they would be very glad to ladle it out their way on their own personal programs.

Heaven help us if the state legislators the Governor was talking about had, in fact, fashioned their own programs to spend this money, even under some general policy. Most of the governors complain about the 170 Federal grant programs because there are too many, and they have to set up a State agency just to keep up with them. If the States were setting up the programs, they would multiply into at least several thousand. If we went down to Walter Scheiber's local level—and all of the local people have their ideas—I'm sure that we would so fragment whatever funds were available for programs to change the environment of people, which is the kind of a focus local officials have, we would find an astronomical number of programs.

I do think there is a great deal of merit in Governor Anderson's argument for consultation with State and local

agencies in the formulation of programs. However, I believe he premised his view on almost a Utopia when he said we should eliminate political extremes.

I read in an article in *U.S. News and World Report*, Governor, that many States now maintain that they should have a certain share of the Federal taxes collected from their States. I could name any number of States that get more back in Federal money than the total amount of taxes collected in the State by the Federal Government. The article went on to say that the Republican Party had already set this up as a program, meaning to make it a positive issue. If the plan as described in the article has any merit, it would seem to me that it would be pretty difficult to start a program of that kind as a way to improve Federal-State cooperation. I think this: while it's a laudable goal it is very difficult. In international relations, for example, the President has almost complete authority because he needs that authority to act effectively. I think that before there can be consultation in any real depth on a large, overall government program, you must provide the governor with extra authority when he deals with the Federal agencies. He would have to be able to say, "Well, if you do this, we will do that." It is a tough problem for him to deal that way today. Of course, the Federal agency itself, when it's in the development stage, finds also that there's a lot of love's labor lost.

I can tell you that you have to come up with many different programs before arriving at something that the Congress will buy, because in the formulation phase it is very difficult to get down to details. I think everybody knows what the problem is: we can consult and talk about the problem we want to solve, but when it comes down to the point where we want to send it up as legislation, we find it has been discussed too much and headway has already been made by the opposition.

At one time, we suggested a simple plan that we thought was a good idea for the Post Office Department. We believed we would save about 26 million dollars a year if we gave the rural letter carriers a rented car rather than pay them 10 or 12 cents a mile for the use of their own cars. We had just started out on our labor-management program—which is now fully implemented—and we informed the rural carriers of what we were thinking about. Well, by the time we got the Bureau of the Budget to approve it, there wasn't a single Member of Congress who would introduce it.

I do think that it leaves much better feeling if there is a relationship between the Federal Government and the State agencies. To achieve that, though, the state and local people have to think a little more in terms of the organization of the Federal Government, I believe, because you can't set up one person in a big government agency as point of contact for all of these different programs. This is one of the difficulties of establishing a proper channel of communication. Furthermore, if you are talking to somebody with a State agency, you want to be sure he really is speaking with the authority of the governor. If I talk to people on this general level, whether from business or from other governmental agencies, I say: I shall be glad to talk to anybody you send. I only want one assurance—that when he comes back from taking up about 2 hours of my time, you will give him 10 minutes of yours. I want him to go back and talk to the boss. Otherwise, we're just going through a lot of conversation.

To sum up, I think we're all trying to describe a program that will not only identify the problems, but also will be able to do something about it. I think, Governor, we'll both agree that the Federal Government must most clearly define its objectives and must be flexible enough to recognize the problems in Kansas and the problems in Michi-

gan, and many of these are different problems. Certainly, the consultation you suggested is a cornerstone of that kind of an approach. I think we should bend our efforts to do whatever we might have to do to make that kind of consultation effective and meaningful. Second, I think the States must in turn define their objectives to their subunits—the cities and the counties—and they have to maintain a similar degree of flexibility. Third, the States must practice a little creative activity on their own by focusing efforts on problem-solving rather than problem-finding, such as this tax-return plan. I say to many people, who come to see me, that I would really like them to present some ideas and give me a chance to criticize, so that I am not always on the other side, defending my plans. Fourth, I think the States must be prepared to accept the Federal Government as a partner and to give credit as well as blame where it's due.

It wasn't too long ago that I was visiting in a State where they were dedicating a fine diagnostic clinic. It was a beautiful thing. I happened to be in the area and they invited me to attend. There were about a thousand people present. The governor was there and the mayor. But there was nobody representing the Federal Government. I said to the Mayor, "Gee, didn't Federal funds pay for some of this?" "Oh, yes," he said, "They paid for most of it." "Well," I said, "It just seems to me somebody might have recognized the Public Health Service or the Surgeon General, or whoever worked it out." He said, "Oh, well, we don't want it to seem that they have anything to do with this." I'll say this, as far as the Post Office is concerned, it seems that the only letters that Larry O'Brien and I deliver are the ones that are missent.

Half the employees of the States are paid out of Federal funds, in part at least. Yet, I am sure that never once do they stop to think it would be a good thing if the State government or the city government said, "You know, this

is a Federal program." This is a place to start, I think, to eliminate this hiatus.

I do want to commend you, Governor, on the forward-looking statement that you have made. You recognize this problem, as we do, as something we want to get done rather than something that we want to fight. I think your whole attitude of trying to find ways and means to do the job is something I totally subscribe to.

DISCUSSION

Mr. Robertson: Governor Anderson, you have about 2½ minutes to react to anything which the reactors have said.

Governor Anderson: I think it is an equal responsibility on the part of States to be creative as well as critical in areas of government. I am of the opinion, right or wrong, that history—current as well as past—would show that the States are creative in this area of innovative change in government. I think it's less noticeable, perhaps, because the news media throughout the country give less attention to the action of a State legislature or action of government at any level in a State than it does to the action of the Federal Government. This is inevitable and it is going to continue.

One of the real benefits of our system as it was formed 175 years ago is that we have a balance of power between the central government and the State governments and, with the State governments, we have 50 laboratories of government. Justice Brandeis pointed out that it was of great benefit to the people not only of the respective States but to the people of the Nation that States could experiment in areas of social and economic problems—the political problems of their people. If it's good, it's going to spread, and it will be adopted by other States. If it fails, it

hasn't been a cost, not only dollarwise but timewise and any other aspect of the cost of the problem, to the entire country, but it was an experiment in the one State. Our government, whether Federal, State, or municipal, really is the problem of all of the people throughout this country. There is no more ingenuity, no more ability to innovate, in Washington than there is in Sacramento, California, or Oklahoma City. It depends upon the ability and the genius of the individuals involved wherever they are.

Certainly, I think that we should give credit where credit is due and give it to the individual and give it to the level of government. Human problems are involved in all levels of government and I think we have to accept these human problems and realize that there's not going to be anything perfect. We simply seek to achieve as near perfection as possible.

When I mentioned that I thought we ought to do away with partisanship as much as possible in matters of extremism, I realized that we're not going to achieve this, but we seek to achieve. Politics is government, government is politics, and partisanship must be there to maintain our two party system and the balance in that respect. But, the problems we've undergone in recent years have affected State government to the extent that we cannot risk the public interest by letting the partisanship deter the search for solutions. I think all areas and all parties should approach these problems with solutions based upon merit rather than anything else. I know that there is always an element of competitiveness on the part of people contending, whether it's in government, in industry, or in anything else. That's a part of the genius of our system, too. One of the rights and freedoms that we enjoy as citizens of this country is the right to be wrong in our ideas as to how we're going to seek the solution to a problem, and we're going to make a few mistakes in our attempts.

If we can correct some of the procedural aspects and hope that out of those corrections come solutions, particularly through this creative federalism as I envision it, then I think we're going to strengthen the levels of government today in all parts of the country. I haven't run upon very many people in this country who do not feel that we should bring into a little better balance the functioning of our government today, whether it involves a municipality within the boundaries of a single State, or a municipality in a regional sense. If we strengthen municipal efforts, strengthen state efforts, and keep the Federal Government strong, we're all going to benefit by it.

Mr. Robertson: Is there a reaction or a provocative question from the audience?

Question: My question is directed at Mr. Scheiber. Is the regional council of local governments suggested as something good in and of itself or as a substitute for actual consolidation? The voters have no direct control over actions of the council type organization, they are not electing the members, they are not voting on specific programs. How do you meet that problem?

Mr. Scheiber: We feel that the council device, which as I say is relatively new and which is built on the existing local governments, actually ties the solution of regional problems more closely to the people than most other available mechanisms which have a chance of adoption. I'd start by ruling out the possibility that any significant number of metropolitan areas will adopt the "metro" government. Time and time again the voters have repudiated the attempt to bring in another level of local government to cope with the problems of metropolitan areas.

You're really making a choice in practice as between two types of mechanisms. One of them is the widely used special district, such as a transit district, sanitary district, air pollution district, or park district, set up on a region-

wide basis for the purpose of coping with a single problem. The second, which seems to offer some realistic hope of progress, is the voluntary regional council. Those of us who are involved in the regional council activity today believe that because regional councils are built on existing units of local government directly responsible to the voters—local government bodies which are elected by the voters and subject to their recall at election time—they are more closely tied to the grass roots than the special district, which is normally governed by people appointed by a local governing body or by a governor, and which is not subject to recall at an election but, in fact, is virtually completely out of control of the average voter.

Question: Governor Anderson mentioned the reapportionment of State legislatures, noting that they had been dominated by the rural vote. However, we have gone one step further now in reapportioning both houses. I ask the Governor if he doesn't think that is inconsistent. In the Federal legislature, each State has two senators, while the House is apportioned by population.

Governor Anderson: Well, I'm afraid that I'll have to say that from the standpoint of your question as to whether it was inconsistent or not, it has been determined by the Supreme Court as not being inconsistent with the Constitution of the United States. I think that settles that question. The court required reapportionment on a population basis of the legislative body, both the house and the senate.

I am not of the opinion that reapportionment is going to be the panacea for what may have been considered the ills of State legislatures, whether it be on the question of their giving appropriate attention to the metropolitan areas within the States or to the many other problems that face the legislatures. But it has had the effect of focusing the attention of the people in the States, and indeed throughout the Nation, upon the State legislatures. Per-

haps the greatest benefit that will be derived from reapportionment is that it is going to work changes in the legislature, in legislative practices and procedures, and in the entire legislative process. I think that this is going to be perhaps a greater benefit than what might be considered a change of attitude in the vote of the collective membership of the State legislatures.

Question: According to a recent series of articles in the *New York Times*, by Tom Wicker and others, the States flunked their entrance exams on their ability to enter on a meaningful relationship with the Federal Government. Time after time, they defeated proposals for calling constitutional conventions, they defeated proposals directed at reorganizing the government, and they defeated proposals that would have meant more equitable tax structures. Would any of the panelists comment on that?

Mr. Robertson: It seems, Governor Anderson, that you certainly should stand most qualified to wrestle with this one, sir.

Governor Anderson: I won't accept the premise upon which the question is put to me by you, Mr. Robertson. I will attempt to answer. I'm sorry that I haven't read the articles to which you refer, but if I were to comment upon them, I think I would have to say that before we can generalize as to the effect of what happened in the November election in a given State, we have to analyze. Now, it is true that in a majority of the States where constitutional amendments were submitted for change, doing away with the limitation upon the length of the session or providing for annual sessions as contrasted with the biennial session, the amendments failed; but such amendments did pass in a number of States. California had sweeping revisions in their constitution by the adoption of amendments. In my own State, we have had annual sessions of the legislature for general legislation in the odd-numbered years, and in

the even- as well as odd-numbered years for the past 12 years, we've had a budget session considering appropriations in the budget. At the election in November we went from the annual budget session to annual general sessions year and, more than that, adopted the federal theory that bills introduced in the first year of the legislature, if not enacted, would carry over to the succeeding year for consideration by the legislature.

I would like to comment about one other case. In the State of Utah, where after a joint commission of legislators and citizens did a rather comprehensive study of some of the problems of State government, particularly in the legislative field, the legislators enacted legislation at a special session and submitted amendments to the constitution to a general referendum. All of the proposed amendments were voted down in November. The situation was peculiar. The legislators submitted an amendment to have annual sessions, an amendment to increase the salary of the legislators, and an amendment to provide for interim committees of the legislature to carry on after the session had recessed. They also submitted a proposed amendment to the constitution that would shortly call a constitutional convention for reconsideration of the entire constitution. The last proposal brought fire from newspapers and publishers and from a special group that spent a lot of money in attacking the calling of a constitutional convention. With that, all amendments failed. Immediately after the election, members of the legislature and members of the committee had calls from business men and from people throughout the State who said they were sorry, that their personal viewpoint was not to defeat all these constitutional amendments, yet they did oppose calling the constitutional convention; but "with the tail went the hide," so it was lost.

I think you have to analyze the given situation in a State before you can say that the States, as such, have failed in

achieving a cooperative relationship with the Federal Government. The work is going to go on. It will in Utah and it will in other States, and I think enough people are interested today in this so that we're going to see change for the better.

Walter Scheiber: It seems to me that Mr. Wicker may have been a little premature in writing that obituary. In the first place, there has not been time for the effects of reapportionment to take place in most of the States. In the second place, it seems to me unfair to test a whole policy on the basis of a single election, an election which was influenced by many factors other than those directly related to the state issues which were at stake. Although, I'm a local government man, I have to rise to the defense of my colleague.

Frederick Belen: I want to say that I don't see any indication that we've been going backward. Everything that was done where they did decide to have a better situation was progress. I would go along with Governor Anderson on that. This is an area which is very emotional and which has a lot of inertia in it. There certainly is a building up for progress.

Question: Governor Anderson, do you think returning a share of Federal revenues to the States would be a more effective answer to their problems, since problems vary from State to State?

Governor Anderson: If I may, I'll put a caveat on my general opinion. I think that the States should have more money today to carry on their governmental services, whether the money is derived from initiative that they've taken, because we see a growth in government and it is taking more money, or whether there is a return, so to speak, of money from the Federal Government. I believe that before money is returned with no strings attached, as is the recommendation and the opinion of many, there must be a

satisfactory showing that the States are ready to use it properly to fulfill their obligations; but I frankly don't know whom they'd show that readiness to. When the States qualify, then I think that there should be an unfettered return of more money, rather than conditional or qualified grants-in-aid, to the States.

**MAYOR
JEROME P. CAVANAGH**

Elected mayor of Detroit in 1961, at the age of 33, Mayor Cavanagh is a lawyer who became the first person to serve as president of both the United States Conference of Mayors and the National League of Cities. He is known as one of the most imaginative and forceful urban leaders in the country.



CHARLES F. SCHWAN, JR.

Director, Washington Office, Council of State Governments. Mr. Schwan's experience includes World War II service in the United States Army, teaching, administrative responsibilities in private industry, and participation in a number of advisory committees dealing with problems affecting Federal, State, and local governments.

RALPH R. WIDNER

Executive Director of the Appalachian Regional Commission. During his career Mr. Widner has been a naval officer, reporter, State planning official, and Legislative Assistant to Senator Joseph S. Clark of Pennsylvania.



Charles Schwan, Mayor Cavanagh, and Ralph Widner during the question and answer session.

CREATIVE FEDERALISM: THE LOCAL ROLE

Mayor Jerome P. Cavanagh

President Johnson first used the term “creative federalism” in a speech at the University of Michigan in May 1964. The idea went generally unnoticed, as is sometimes the case with entire speeches. He repeated it several times, but it was not until Max Ways fully explored the subject in a perceptive article in *Fortune Magazine* last January that many Americans finally took notice of the new approach by the Federal Government in its domestic policies.

Perhaps the concept was overlooked because two words—“creative” and “federalism”—have had little to do with each other over the years.

The works of the Federal Government as far as the Nation’s mayors were concerned were seldom creative, except for an occasional road or dam or bridge. But these were functional structures which often brought with them an upsurge in the local economy. They were usually only constructed after much, and sometimes too much, Congressional soul-searching and represented more the pork barrel approach—something for the boys back home—than they did a community involvement of public, private, and charitable agencies.

In those days the type of federalism seen most often from Washington was in the Public Housing Administration. A city seeking to build public housing made application to the agency. Then after much studying of government specifications, guidelines, and regulations, PHA would

only approve buildings that looked like Army barracks or clusters of ugly high-rise apartments built like tanks, but with little of the grace and charm of a tank.

Up until recently, Detroit's housing director took the attitude that before we built any more high-rise public housing (vertical ghettos the sociologists call them), we would have to make them more attractive and more widespread throughout the community. We did not want to compound the problems of the poor by walling them permanently into a single section of the community. This went for the low-rise buildings as well.

But frequently the regional office of PHA was adamant. It was barracks or nothing. So, many cities reluctantly took nothing.

But there were stirrings during the Kennedy Administration, and under President Johnson, the climate has changed considerably. PHA now approves of scattered-site public housing. It now allows a much greater leeway in design and is prepared to finance buildings that truly meet the problems of the modern city.

As a result, Detroit is now working on plans for 1,500 units of public housing, has acquired repossessed homes from the FHA for public housing, and is encouraging builders to look into the possibilities of turnkey housing in which the unit is built by a private contractor, and the keys turned over to the city for purchase and operation as public housing.

We have come a long way down the road in just a few years. Although it is not universal throughout the huge Federal establishment, we find today in new programs the emphasis is on meeting local problems instead of meeting the strictures of the Federal Government. The monster, creeping federalism, which has sparked the oratory of States rights politicians for years, is beginning to look considerably different.

The newest program, Demonstration Cities, which has been renamed Model Cities for obvious reasons, relies heavily on local initiative. Cities will be given a relatively loose set of guidelines—we hope—and asked to design programs which will mount a massive, concentrated, and coordinated attack on the social and physical problems of one “model” neighborhood.

Under the act, cities are urged to include the private sector in their planning, along with the local residents involved. The act urges cities to come up with new ideas for solving urban problems. It involves the Federal Government, sitting back like a Dutch uncle, patiently waiting while the cities gather up their plans and then funding a whole bank of projects of all sorts within the model areas. The key factor is how good a plan each city comes up with. Cities today are already looking toward the next step in this relationship.

At the recent convention of the National League of Cities in Las Vegas, mayors, councilmen, and city managers from all over the Nation supported the creation of an Urban Development Fund. This involves placing funds for rebuilding our cities into a development bank. Cities, on the basis of comprehensive social and physical renewal plans, could draw funds for projects from this bank for a wide variety of purposes. This would be in lieu of present categorical programs.

Such an approach would drastically cut paper work and give the cities the truly flexible weapon that is needed to meet their individual problems. For though the cities of New York, Detroit, and Los Angeles have many problems in common, they also have many problems which are unique.

Detroit, for example, has an extremely high percentage of single-family homes and few apartment buildings. This is not at all the pattern in New York; it is closer to the Los

Angeles pattern. But many of Detroit's slums today are homes built around the turn of the century and in the early days of the auto industry. They are clapboard buildings on tiny lots, which is hardly the pattern in Los Angeles.

So there are many, many variations, and what may be a good answer in Philadelphia may not apply at all in Omaha. It is because of this tremendous diversity that cities need a flexible approach. There is, however, some hesitancy today at wholeheartedly turning over to local government as much power as the creative federalism approach suggests. There is no hesitancy on the part of the mayors. The hesitancy grows from a feeling many Americans have that cities are not really to be trusted. It is true that cities have had their share of bosses, pirates, and villains.

But I believe today there is a much higher caliber of men among the Nation's mayors and city managers than in any other level of government. I would happily compare their professionalism to that of the Nation's governors, state legislators, Congressmen, and Senators. John Kenneth Galbraith, in naming this the age of urban crisis, says, "The day is coming when no one will be considered really ready for higher office until he has been a successful mayor."

I believe part of this uneasy feeling some have over city government comes from the persistent agrarian myth in this country. Though 70 percent of our people now live in the huge and sprawling urban areas, we still hold fast to our agrarian beginnings. And so the myth has remained that the city is evil and the country good; that the city is ugly and the country beautiful; that the city is criminal and suspect, and the country noble and righteous. It is truly a myth. Let us bury it along with many of yesterday's bad ideas.

There is another roadblock to creative federalism, one which is much more important than attitudes about city

government. This is the tendency of Congress and Federal administrators to single out popular programs, freeze them with restrictions, and fund them excessively at the expense of other programs.

An example of this is in the poverty program which was started with a truly creative federalist approach. Cities were told to devise programs to help the poor free themselves from the vicious cycle of poverty. One of the programs devised was called Project Head Start. I am sure you are all familiar with it. This idea of preschool training for children from culturally deprived families was aimed at cutting the drop-out rate and making school a more meaningful experience for deprived children.

It caught the national fancy, and Congress, in appropriating funds this year for the poverty program, earmarked large amounts of funds for Head Start. But in so doing, they robbed Peter to pay Paul. They took away funds from the fountainhead of new ideas, the Community Action Program, or CAP, as it is called.

In Detroit this year, Head Start is greatly expanded, and CAP is cut 20 percent. Head Start grew initially from CAP, and now it is threatening to eat its parent out of house and home.

I do not know how Congress can avoid such earmarking. It is the function of government to encourage those programs it considers good for the general welfare and eliminate those it considers wasteful or unproductive.

Although Congress may start out allowing a great deal of flexibility, its pattern has been to quickly begin to limit this power. And with the passage of time, any Federal program which starts out with a great deal of flexibility becomes more and more subject to rules and restrictions applied by both Federal administrators and the Congress.

Some of the problems I have mentioned could be examined in depth by a Presidential study of the whole field of

creative federalism. I understand President Johnson suggested such a study but that it has not yet been made. Such a study might seem academic today. Much of the Great Society programming is being forced to take a back seat because of the financial demands of the Vietnam war. We are spending close to \$2 billion a month on that war, and many domestic programs are being cut back, deferred, or frozen. The study should still be done. There are too many unanswered questions.

One of the paramount ones is the role of State government. Cities, after years of waiting hopefully for the States to take some positive action on urban problems, have now begun to develop a much closer city-Federal relationship.

I do not have a great deal of sympathy for the arguments of those who say the States are being bypassed. If they are, then it is a situation State governments created for themselves. They have long had the power to act on urban problems. They have not chosen to exercise that power.

In Michigan, where one-man-one-vote rulings by the Supreme Court have changed the Legislature significantly, we in the cities have had only a dribble of meaningful legislation for the core cities.

Legislatures once were controlled by rural interests. They agonized over the price of milk, the cherry crop, and migrant worker problems. As the cities grew in strength, they were denied equal representation. Now, after many years of struggling, legislatures have been reapportioned, and suddenly power has gone to the suburbs, not to the central cities.

But despite a lack of enthusiasm for State governments by the mayors of the Nation, serious thought must be given to their role in the future, especially in cases where more and more discretion is being given to local units of government.

In summary, I believe the mayors of the United States

feel that the creative federalism approach has shown its excellence in dealing with city problems. There are still some unanswered questions, however. But these questions in no way appear to argue against a continuation of this approach. I believe from this approach will grow the tools to rebuild our cities which are in a bad state of disrepair.

We should not lose sight of the fact that our cities are the central point of our civilization. They contain vast amounts of beauty, and, too, vast amounts of despair. They contain our most noble achievements and our most degrading sins.

The city is truly much like ourselves—some good, some bad, some beauty, some ugliness, but a great deal of that prize element of American civilization—that busy, inquisitive, restless, striving, and inspiring creature—man.

Under the concept of creative federalism, we can come much closer to rebuilding our cities into an inspiration not only for those who dwell in them in America, but also for the world.

REACTION: Charles F. Schwan, Jr.

I'd be hard pressed to find reason for adverse criticism of Mayor Cavanagh's remarks. I think that they were illuminating and stimulating. Ralph and I will enjoy this opportunity to comment on them. Since there is to be audience participation, rather than comment directly on the Mayor's paper, I'll throw out a couple of thoughts which might be included in your thinking when you react to his address. Creative federalism is a challenging concept. It's going to be very difficult to execute and in the government we have in these United States it's always going to require attention. There is nothing static about the idea.

One of the problems is that, at present, there is little and inadequate involvement by State and local policy-

making officials in the evolvement of national policies of vital significance to them. A similar remark could be made when it comes to the administration of such programs. Now in part, at least at the state level, this is due to the weakness of the apparatus for central overseeing of policy. I can't speak for the cities on this score, but certainly at the state level, in part, this is a reaction to a weakness that exists at the state level. I have an idea, however, that there would be a residue even if we corrected all our ills at state level.

A second point I should like to make, one that I believe you should consider, is the vital need for coordination. It's an extremely popular thought right now; it's in the public press often and everybody talks about it; it's almost like the weather. There is a need for coordination of programs that are parallel or at least seem to be intended to accomplish similar goals. It's a problem that is faced at all levels of government, and it's made more difficult by the increased intensity of interlevel involvement in so many programs.

The third point I'd like to make is that we're faced today with developing new administrative tools to handle such programs as the poverty program, the new highway safety program, and Appalachia, a program about which Ralph may speak. These programs do not fit into the old line agencies. As a matter of fact, parts of them have to be taken from old line agencies and put together. The administration may remain with the old line agencies, but there has to be new tools of administration to make them go.

Another point is the lack of a good organizational set-up in most State governments. I mentioned already the lack of good organization at the state level in the office of the chief policy maker—the governor. We have a hundred or a hundred-and-twenty agencies reporting to the governor. I go back far enough in public administration to talk about

span of control, and this is a ridiculous span of control. Span there is indeed, but nobody controls!

Finally, our problems are compounded by too many governments, too many special districts at the local level, and nothing much is going to be done about them for a while. In this connection, there is a need, and there has been one for a long time, for the States to become involved, much more deeply involved, in helping the cities and the counties to solve urban problems. I think there is an appreciable movement in this direction, but we have a long way to go.

REACTION: Ralph R. Widner

We are really talking about the domestic issue with which the Congress, the governors, the mayors, and the President are most concerned at the moment. We have had 2 years or more of very dramatic innovation in the kinds of assistance that the Federal Government has extended to State and local governments. We have come a long way in a very short time and achieved 30 years of thinking and goals in those 2 years.

The problem is that we did not or could not create the ability to handle this massive infusion of new programs before we enacted the laws. The mayors in Las Vegas a couple of weeks ago were concerned about the problem and adopted several resolutions on various aspects of the question. The governors will be meeting tonight through Friday at White Sulphur Springs, West Virginia. The federal system is one of the items on their agenda and we need not be surprised if a resolution on the subject comes out of their meeting. We have two subcommittees in the Congress right now holding hearings on other aspects of the problem, the Muskie subcommittee and the Ribicoff subcommittee. The papers are full of speculation about the Hel-

ler-Pechman block grant proposal. We are being lambasted from all sides about the chaos that has been created at the local and state level by the new programs.

The question is: "Where do we go from here?" We are obviously going to have to do something. This year the Congress of the United States is going to have to think about it; the President is going to have to think about it; the governors are going to have to think about it; the mayors are going to have to think about it. The question is: "What are we going to do about it?"

I think we should recognize first of all why we have the problem. Probably with the exception of Australia we have the only federal system that is really dual in structure; we really have two systems of government. There is a national system, a federal system, and there is a state system of which the local governments of the United States are largely creatures. The founding fathers didn't really anticipate any serious duplication of effort between those two systems, because it was clear in the early days that the national government was going to be so preoccupied with making foreign policy, the conduct of war, management of currency, and regulation of interstate commerce that it was unlikely to get involved in things like education, welfare, or economic development, except for some internal improvements.

But over the last several decades, largely through broader and broader interpretations of the commerce clause and the general welfare clause of the Constitution, we've gotten a blending of these two systems so that in effect there's nothing the National Government cannot do domestically. If it wants to do it, it can do it, Congress and the electorate willing. Once that is possible, how do you come up with a reasonable working arrangement between the two systems so they don't get in each others way and, in effect, work against instead of for the public interest.

I don't think there is any question but that the Congress and the Federal Government have the right and the power, and probably we all prefer it that way, to establish national goals and priorities and to employ national resources to meet national needs. But, as the Mayor has pointed out, we have a highly variegated and diversified country. The problems in one part of the country are nothing like the problems in another part. The education problems of New York should not be shaped by the educational problems in Mississippi; their priorities may be entirely different. But the way we have extended assistance to State and local governments has rigidified the way national resources are made available to the States and local communities. In effect, we take a common denominator and say, "That's the center priority." Everybody's trying to work with that system and it's an untenable arrangement.

We have 170 grant-in-aid programs, 55 of which I think have been passed in the past 2 years. Some of them get in the way of each other. I could give you some horrible examples of what's happening. We have one little community in upstate New York that applied to six different agencies for assistance to build a sewage treatment plant. All six were going to give the community assistance and it would have made a million and a half dollars on the project. Obviously, we've got to take a look at the grant-in-aid system and do something about it. Also obviously, we are never going to have anything remotely like a national plan. I don't think any of us want that, but there must be some planning built into the allocation of national, state, and local resources if we're really going to solve the serious problems that confront us.

I submit that those plans on a regional basis have to be prepared at the state level or interstate level, and on a metropolitan basis they have to be planned at the local level. We really need a way of making that possible so that

national resources can be employed efficiently to solve the problem. I don't think that these programs can be run out of Washington, for many, many reasons.

I think it's foolish for cities to want to wish the States away—and I'm not suggesting that that's Mayor Cavanagh's position. They can't be wished away. The States build our highways, they operate our welfare programs, and they operate a good bit of the governmental system in the United States. They are there. They are the Nation's regional governments. We've got to make them more effective and not just pretend they don't exist.

The Mayor suggested that the Model Cities program is a prototype of how we might, within general terms, define goals and then give maximum flexibility to metropolitan areas to devise their own solutions to the problems. The program for which I work is somewhat akin to that. The Appalachian program is unique. The Appalachian Regional Commission is made up of 12 governors and a representative of the President. Congress and the Administration have made resources available to the commission to prepare comprehensive plans for revitalizing the economy of that area. Within the commission itself dollars were allocated among States on the basis of formulae that measure needs among programs. The needs in one part of the region may be different from the needs in another part. The money was allocated and became the planning horizon in any given year for each State. You can see it is very similar to the kind of thing we are talking about in the Model Cities approach. It is one way to solve this problem, but it is not the only solution by a long shot.

It seems to me there are two basic problems in the American federal system that we really need to get at and, I think Mr. Schwan was right, they are not going to be solved overnight. One is the problem of providing efficient government in the depopulating rural areas of the United

States where even counties are finding it difficult to muster the resources or the manpower to provide efficient government to their people. The Committee for Economic Development has suggested that we need to reduce the number of local government units in the United States by 80%, but they don't even pretend to suggest how that can be done. That's one question that has to be answered—if it's true.

The other great intergovernmental problem in the United States is in the metropolitan areas where you have a multiplicity of local governments getting in the way of each other—the white noose around the black ghetto and the problem of people making their living in the city but refusing to share any responsibility for it. That problem has to be solved in the next few years, or we'll really have riot problems.

In my brief experience in Washington, I have noticed a distinct resistance to innovation in the way in which business is transacted at the intergovernmental level. There are many fellows, who have been here for some time, who shake at the idea of facing up to some new way of doing things. I have the problem right now of working with a group of States that find it very difficult to say just how willing they are to pick up the ball and take a constructive position, instead of just reiterating the slogans of state rights and the fact that they are being bypassed. We said to our 12 States, "Say what it is you are willing to do, what responsibilities you are willing to exercise." That's the question the governors are wrestling with out in West Virginia this week.

I think that this lecture series has been extremely timely. I think we are probably grappling with the most urgent issue domestically that we have; I don't think we can wish it away. It's with us whether we like it or not; we're going to have to face it and come up with some solutions. There

is no one fixed answer, but I suspect we are going to find that the National Government will establish some general priorities, general dimensions of the resources to be made available, and general guidelines to be followed. The States will then be given the responsibility of presenting workable plans to us to suggest how they want to allocate those resources within their States to attack their problems, including efficient and equitable arrangements for attacking some of the most endemic problems in American life in metropolitan areas. I think Mayor Cavanagh's speech has made a notable contribution to this whole dialogue. I would only ask that he address himself to two problems: the problem of government in the metropolitan areas and the problem of providing some more viable system of government in our rural areas.

DISCUSSION

Mr. Fulker: Mayor Cavanagh, do you have any reactions to your reactors?

Mayor Cavanagh: Yes, I do. You said, Mr. Widner, that we don't want a national plan in relation to establishing the kind of framework that I think I'm suggesting or in relationship to the greatest domestic problem which this country faces.

I don't know that we want a national plan, but we have a couple of national plans in existence right now which the Administration and the Congress have devised. One is the space program. It certainly is a national plan. It's a national commitment of whatever resources it takes to put a man up on the moon by 1970 and conquer space, in effect. That, as I see it, is not only a commitment, we have plans to implement that commitment. We have also a similar commitment in the southeastern part of this world whether we all desire it or not. Nonetheless, we have it and we're

appropriating sufficient funds to implement that commitment.

I was attempting to say—and probably not too well—that I think this country has to establish a similar national commitment in relation to many of the problems about which you were speaking and I was speaking, and implement that commitment in a very concrete way through appropriations. If this requires some diminution of effort in some other areas of governmental activity, then let it require that. This is what the mayors of this country are attempting to say—and frequently.

I agree that States won't wither away. I disagree that they're going to be as effective an instrumentality for problem solving as some people think they will be. I think that States will become increasingly more the kind of agencies that cities were 30 years ago—principally house-keeping agencies, without the necessary resolve to zero in on the great problems that affect all of us today in this country—principally the problems of social disorganization.

We have discussed the provision of physical services which government must render. There is really no great trick to that any more in this country. We all know how to build bridges and highways and put up street signs and so on. We're limited by our ability to finance them, of course. But what we don't know in this country—I think the only two principal agencies of government that are attempting to move in in this area are the cities and the Federal Government—are the great problems of social disorganization which exist and which affect all of our lives either directly or indirectly.

So, I think your query about metropolitan government is most appropriate but I don't see the States as the instrumentality in causing the regional approaches to be taken. Why? Because even under our reapportioned State

legislatures, as we were pointing out in the course of those remarks, the change has been from a rural ethic to a suburban ethic in the legislature. The suburbs are the least interested generally in metropolitan approaches to the tough problems of the central city. In other words, you talk about housing and creating a metropolitan housing authority and you won't find anybody in those nice white enclaves who is interested in discussing it with you. Their idea of a metropolitan cooperation is, as one mayor, the mayor of Milwaukee, indicated: "Give us your water and sewer systems and let us tap into them." That's cooperation in their view. That may be a very harsh assessment but it is nonetheless a fact. You don't find, for example, those nice communities out in the suburbs sharing the same degree of concern, and they certainly offer no commitment of any kind to solve some of the problems of slums, crime, disease, and so on, that really, in the long run, are not confined to some central geographic boundary.

I frequently say that until the people in America realize that the slums of Westchester are found in Harlem and the slums of Bloomfield Hills, Michigan, are found down in the heart of the city of Detroit, we're not going to have the kind of progress on a metropolitan basis that we're speaking about.

The answer is—if it does represent an answer—the Federal Government conditioning most of its participation in local problems on the basis that there has to be a metropolitan regional approach developed by those local units of government. I see the Federal Government as the only agency that can possibly force the kind of regional confrontation that you're suggesting is necessary and which I agree is necessary.

Mr. Fulker: Do either of you have any reaction?

Mr. Widner: Well, I'd love to spend hours talking with the Mayor about this, because I think there are ways to

bring this about without, in effect, beating local-State government over the head with a federal stick and making them do it this way. If you'll let me be parochial for a second, the instrumentality we have in the Appalachian Commission may be a useful example of another way that it could be done. It takes the federal vote plus the majority of the States to pass anything. That means that the federal fellow has quite a bit of weight in the deliberations of the Commission; I guess you could argue that he has a veto. States have a veto, too. Nothing can happen in their State without their bringing it to the Commission and requesting action. But just by virtue of the fact that this instrumentality exists in which there's a direct confrontation between the federal and state levels, it's possible for a governor to look the federal guy right in the eye and say, "That program's all wet and it'll never work for the following reasons." Then they debate it. But when they finally bring the issue to a vote, it's a vote that binds both federal and state establishments. You don't get one running off this way and one running off that way.

Ironically, this mechanism is also making it possible for the governors to do things which they could not have politically and seriously entertained before it existed. For example, it's perfectly possible now, because of some decisions which this body has made, for each of these governors to go before his electorate and urge the enactment of a statute regulating strip mining. We suspect the same is going to be true in education and health pretty soon.

It may be possible for us to develop a system in this country that establishes a better State and local-Federal interface so that creative dialogue occurs. Instead of just putting redtape restrictions into the law or into the administration of the program—which means that every guy who wants a little help has to run to Washington and get some fellow to interpret the restrictions for him and spend 6 to

7 months negotiating the help out—there may be a more efficient way to do this. I'm suggesting that there may be two or three ways to do it, but perhaps the Appalachian program provides a kind of prototype. It's not ideal by any means.

Mr. Fulker: Are there questions from the audience?

Question: How would cities—Detroit or any other city—devise ways to encourage people to return to the city, particularly when it means moving from single-family homes to apartments?

Mayor Cavanagh: I think you're principally speaking about those who fled from the city—the white middle class. One way it won't happen is to have an administration introduce “new towns” legislation which will merely create farther out, even beyond the suburbs, the kind of all white communities that don't have either economic or racial mix. This is one reason why mayors, including myself, have opposed the “new towns” proposal.

If you insure something that I think should be within every city—great diversity and a wide mix of employment, housing, and educational and cultural opportunities—you might begin to develop the kind of stability—racial and economic stability, particularly—in the central city that is needed to attract or to hold the people who are living in the central city at the present time or to reattract people to the central city. There are many things that central cities are attempting to do to make them more interesting and viable places to live. The great emphasis upon cultural facilities is one, for example. Trying to create more interesting and more diversified communities than previously existed is another. There are many people who really have no preference to live 30 or 40 miles from the nearest symphony hall or fine art museum or fine cultural facility, whatever it might be. The idea, I think, is to really make the city a more entertaining, diversified, and interesting mix than it has ever been in the past, with the hope of bringing these

people back. This would preclude the possibility of the suburbs merely being sort of racial enclaves themselves where, every day after having left the city at 5 o'clock, you can pull the covers over your head in relation to the problems of the slums in the central city.

Unfortunately, I think the Federal Housing Administration over the years has contributed to the creation of the white noose around the city by a policy which traditionally was much more liberal in mortgage commitments in the suburbs and didn't devise ways to make the kind of mortgage commitments that were needed in the central city. I think the agency has changed rather substantially in the past 3 or 4 years, although today there's no mortgage money around anyway, so it probably doesn't matter too much. But these are some of the things I think cities and metropolitan areas can be doing.

When I was growing up in Detroit, I recall Joe Louis, who is from Detroit and was then heavyweight champion, fought a fellow by the name of Bob Pastor at Briggs Stadium in 1939. Pastor was a great fighter and great boxer, and they asked Joe Louis how he was going to handle him. I remember this because it has great application today. He said, "When he gets in that ring, don't forget this: he can run but he can't hide." When we make the metropolitan area a place where you can run but you can't hide, I think we are going to have the kind of viable community all of us in good conscience really want. That's not to say that there won't be suburbs. Many people prefer that kind of living—that's fine. All I'm saying is that the problems of America should not merely be borne by a few people.

With reference to the second part of your question, I don't really think having people live in high-rise apartments represents too much of a problem. Many of the people who move from single-family homes into high-rise apartments do so for a variety of good reasons. Frequently

at the time when the children have been raised, the families have no disposition to continue the kind of maintenance on a single-family home that they obviously wouldn't have to do in a high-rise apartment. They find that living in high-rise apartments puts them closer to some of the amenities about which I was speaking. Frequently, they're closer to their jobs and the downtown areas they can walk to. There are all sorts of good reasons why I think people choose to live in apartments even though they might have lived all their lives in a single-family home.

We're fast reaching the point in this country where our metropolitan areas have spread out so far that it's rather ridiculous to assume people want to commute every day for 40 or 50 miles, generally on an inadequate transit system or on an overcrowded expressway to a job in the central city. In some instances, people are getting out so far that at the present time the necessary services can't be extended that far. As a result, I think you're going to find there's only one direction in which people can move until the services at least catch up, and that is back toward the center. There's a certain outer limit. Pretty soon if you keep moving out far enough, you're in the suburbs of Chicago and not Detroit. That's the nub of it.

Question: I am one of the growing army of citizens who have been frustrated by having to deal with the State highway departments. Would you care to comment upon the role that the Federal Government could play in providing, more aggressively, the standards, designs, and locations for highways?

Mr. Schwan: Current locations, designs, and standards, at least as far as the interstate system and primary system are concerned, are matters of agreement between State highway departments and the Bureau of Public Roads. The Federal Government is very, very much in the middle of

this. I appreciate having an opportunity to point out that one of the problems we have in government is the involvement of the functional people with each other at various levels and the noninvolvement of the policy makers.

I know that the Mayor can give you horrible example after horrible example about either his city or another and about the location of highways without reference to other programs. This comes about because the highway program is a sacred cow, at the federal level, at the state level—I don't know about the local. It is not at the local, he says. But in any event, certainly at the state and federal levels, it is a sacred cow. It has its very powerful lobby about which nobody does much. It's almost as free of control as the Pentagon and you know there's nothing freer than that.

Mayor Cavanagh: I think that could open up a whole new vista of discussion. The highway program and some of the questions that you raise in your question are rather perfect examples, I think, of the fact that a State has been given responsibility through a joint Federal-State relationship in a particular governmental area—the building of highways. Now, generally there's no problem of consequence when you build highways up and down the State through rural areas. Indemnification for land and other problems exist. But when you start moving thousands of people around and creating problems for all other governmental agencies, problems over which you really have no concern such as how to relocate the people that are moved as the result of a particular location of a highway; when you ignore the safety standards that are developed locally in the construction of bridges and things like that; and then someone appeals to the Bureau of Public Roads and they say, "Our hands are tied on this sort of thing;" the situation becomes extremely (as this gentleman put it) frustrating.

I think it's only because over the years some local

officials have exerted extremely strong pressures, so to speak, upon the Bureau of Public Roads that eventually the American Association of State Highway Officials jointly formed with the American Municipal Association—now the National League of Cities—a committee to try and work out some of these problems. But again it's only something in which some State highway departments might voluntarily agree to cooperate. There's no legal compulsion to cause them to do some of the things they were doing.

By the way, as a result of the very narrow interpretations of State highway commission responsibility on relocation, most of the cities in the country have had to pick up the burden of paying for the cost of relocating people who have been displaced by State highway programs. Why? Because generally State highway departments and commissions or commissioners really don't worry too much about the people who are displaced as a result of their choice or their decision on where a highway will be located.

I know whereof I speak because even though there is relocation money in the Interstate Highway Act, at the present time, it is very narrowly interpreted by many highway departments. Frequently there is relatively little done in the relocation process by highway departments unless the cities do it.

What I'm saying is that just about every governmental problem you can speak on today is found in the cities and particularly where the great clusters of people are in the central city. The ramifications of all other governmental policies, even the administration of highways, is felt where? Not out in some rural county but down in the heart of the city. The cities have all these problems, the States have generally ignored them, and the Federal Government all too frequently apologetically has dealt with them inadequately.

Question: Could you give a reaction on the so-called Heller-Pechman proposal or similar tax sharing proposals, particularly Congressman Laird's bill or Senator Javits' bill?

Mayor Cavanagh: The original proposal involved returning Federal income tax monies to the States. It was objected to by the mayors for rather obvious reasons. We wouldn't support such a proposal unless there was some assurance that a formula would be devised for an equitable allocation of these funds between State and local governments, to be made by the State or by the Federal Government as the case may be. Representative Laird's bill has such a formula. Whether it's equitable or not is another question. There are many arguments in favor of it. There are other arguments against it.

The traditional feeling in this country has always been that the Federal Government merely collected enough income tax money to do the jobs that Congress felt it should do in the establishment of national policy. If there were surpluses, or if indeed there was collected more money than was needed for the programs to which the Federal Government had committed itself, there should be a tax cut. That's been the traditional position of our Federal tax system. So there is some enlightened and intelligent opposition to the tax sharing proposal. However, very frankly I think it's gaining in political popularity. One major political party now does seem to have accepted it very fully. Both the governors and the local officials have generally endorsed it. Local officials have endorsed it with the condition that there's a sufficient equitable distribution.

I'm really not too sure whether it would further the creative federalism concept or not. It's really just a block grant system. If block grants are to be made, I'd like to see them made even more directly to local units of government.

I think that with the budgetary problems being what they are for the next year or two, obviously, we probably will not see the enactment of such a plan. But it wouldn't surprise me if the beginning of such a plan were enacted by the Congress within the next couple of years.

Mr. Widner: There's a rather curious inference you could draw from this position of one party, by the way, and that is apparently both parties now share the view that national resources should be used at the State and local level. That was not always the position of both parties, but by implication there has been a substantial change in position. As a result, you really have to get to the question of mechanics, of whether you can make this proposal equitable or not. It seems to me here is where you get into the real problems, because by the time you've protected the general national interest under something like the Heller-Pechman proposal, you've got as much, or almost as much, redtape as you have under the present grant-in-aid system.

I think one of the most effective statements in one paragraph about some of the problems we have to face in that proposal was made by Senator Muskie some time ago. I think it might be worth just reading that paragraph: "States vary so extensively in their attitudes and machinery for providing their own revenues, planning for their needs, administering their programs, and insuring the civil and economic rights of their citizens, that any kind of Federal revenue-sharing that ignores the uneven pace of efforts to modernize State-local tax, finance, planning, and administrative policies would provide windfalls to some States and ire to others." It seems to me that this one paragraph summarizes the political problems of the Heller-Pechman proposal.

Question: One of our most serious metropolitan problems is that of air and water pollution. Will the Federal or local government do the work of meeting that problem?

Mayor Cavanagh: Well, I don't think that the work will be at the federal level, but much of the stimulation and financing and really the catalytic process, I think, has to come from the Federal Government. You know, the City of Detroit, for example, has had one of the strongest if not the strongest smoke abatement ordinances of any municipality in the country. It has been copied all over the country.

It doesn't solve the problem; as I look out my window, I see some suburban areas in River Rouge and Ecorse, and some automobile plants in Dearborn and places like that discharging all sorts of pollutants into the air. The point is that unless we do approach the pollution problem on a regional basis and unless there's some Federal-State-local program for some kind of regional control, the efforts of local units of government are really for naught. Eventually, a program has to be administered on a local level, but I would say much of the impetus has to come from the Federal Government.

Consider the water pollution problem. The U. S. Public Health Service did a survey of the Detroit River several years ago pursuant to a request by the then Governor Swainson. They finished the survey and estimated the cost of cleaning up that river alone—it isn't very long, running just past Detroit between Lake Erie and Lake St. Claire—at \$250 million. There are many, many other bodies of water in that State also that are polluted. I couldn't estimate the total cost of cleaning up the pollution in that State but it would be many times \$250 million.

The State finally started to recognize the problem: the Governor recommended the grand sum of \$1 million for the whole State to do something about water pollution, and the legislature responded, in its beneficence raising the sum to \$2 million. The city is spending probably \$50 to \$60 million of its own money just in a 3- or 4-year

program in this area. And yet, much of the pollution in the Detroit River does not come merely from Detroit-based industries. Some comes from Canada; certainly much of it comes from many other industries and localities on that waterway system. My point is that mobilizing national resources to really move in on problems that are national in nature even though they are administered locally has been and has to be the work of men like Senator Muskie, Representative Blatnik, and others.

Question: Mayor Cavanagh, you were recently quoted in the papers as being critical of the Federal-State employment service relationship. Do you have any strong suggestions on this?

Mayor Cavanagh: That was in response to the decision, which has ostensibly not been made, but probably has actually been made, to move the training programs out of the Office of Economic Opportunity and back into the Labor Department. I objected to it, because I said the experience of local units of government has been that OEO programs with a direct Federal-city relationship have had a far greater impact upon the problems in the cities than the programs that have a Federal-State relationship and trickle down into the city.

I mentioned the Manpower Development Training Act as being an example of the problem. I think that this program is very, very finely conceived, noble in purpose, most humane and practical in its objectives. But it really has not had the impact upon the areas that it's supposed to have. Real hardcore unemployment in the central city—Negro unemployment—today in this country is still twice that of white unemployment. Negro youth unemployment in my city is about 27% which is a little less than that in most cities in the country. Negro female unemployment is even higher than that in these cities. Now this—not just Negro unemployment, but unemployment of people with-

out any marketable skill—is what manpower development training was designed for, but it hasn't really done the job.

I was merely saying let's not put the OEO training programs back in the Labor Department unless we have some absolute assurance that the sense of urgency is going to be placed in the people that administer the program. Now I don't say the people in Washington don't have sense of urgency—they do, many of them, throughout the Federal Departments, including the Department of Labor. But I will say that there's almost an intractable attitude, frequently because of an old-time relationship between regional administrators in the Department of Labor and their counterparts in the State employment service. They are certainly hopeful that these programs work but they don't have the sense of urgency because they have no responsibility for immediately solving the problems. In OEO, at least you can put some pressure on administrators. The city could. And the response has been more immediate and there was a more direct control and involvement of city government. This is why I objected to the transfer of training programs; this breakup appears as the beginning of the end for OEO, and I think that is made rather obvious by some of the things which have been happening.



